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DEPARTMENT OF CO-OPERATIVE GOVERNANCE

NO. 6766 **29 October 2025**

CONSOLIDATED ANNUAL LOCAL GOVERNMENT PERFORMANCE REPORT 2023/2024

I, Mr Velenkosini Hlabisa, Minister of Cooperative Governance and Traditional Affairs, in terms of section 48(2) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), hereby publish the Consolidated Annual Local Government Performance Report 2023/2024, in the Schedule hereto.

MR VELENKOSINI HLABISA, MP

MINISTER OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

DATE: 21/10/2025

cooperative governance

Department:
Cooperative Governance
REPUBLIC OF SOUTH AFRICA

SECTION 48 REPORT:

Consolidated Annual Local Government Performance Report For 2023/24

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LIST OF ACRONYMS

AFS	Annual Financial Statements
AG	Auditor-General
AGSA	Auditor-General South Africa
B2B	Back to Basics
CAPEX	Capital Expenditure
CDW	Community Development Worker
CEF	Capital Expenditure Frameworks
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIBD	Construction Industry Development Board
COVID 19	Corona Virus Disease 2019
CSIR	Council for Scientific and Industrial Research
CWP	Community Work Programme
DBSA	Development Bank of Southern Africa
DCoG	Department of Cooperative Governance
DDM	District Development Model
DED	Department of Economic Development
DESTEA	Department of Small Business Development, Tourism and Environmental Affairs
DIMAFO	District Mayors' Forum
DLG	Department of Local Government
DM	District Municipality
DOC	Disaster Operations Centre
DoRA	Division of Revenue Act
DPME	Department of Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DRR	Disaster Riks Reduction
DWS	Department of Water and Sanitation
EC	Eastern Cape Province
ECD	Early Childhood Development
EEDSM	Energy Efficiency and Demand Side Management
ESECC	Eastern Cape Socio-Economic Consultative Council
EPWP	Expanded Public Works Programme
EXCO	Executive Committee
FBE	Free Basic Electricity

FBO	Faith-Based Organisation
FBR	Free Basic Refuse
FBS	Free Basic Services
FBW	Free Basic Water
FM	Financial Management
FS	Free State Province
FRP	Financial Recovery Plan
GCR	Gauteng City Region
GHS	General Household Survey
GIS	Geographic Information System
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GP	Gauteng Province
HH	Household
HOD	Head of Department
HR	Human Resources
IDP	Integrated Development Plan
IEC	Independent Electoral Commission
IGR	Intergovernmental Relations
IT	Information Technology
KPA	Key Performance Area
KPI	Key Performance Indicator
KZN	KwaZulu-Natal Province
LED	Local Economic Development
LGSETA	Local Government Sector Education and Training Authority
LM	Local Municipality
LP	Limpopo Province
LUMS	Land-Use Management Systems
MEC	Member of the Executive Council
MFMA	Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
MINMEC	Ministers and Members of Executive Council
MIT	Municipal Interface Team
MM	Metropolitan Municipality
MP	Mpumalanga Province
MPAC	Municipal Public Accounts Committee
MPT	Municipal Planning Tribunal
MSA	Municipal Systems Act, 2000 (Act No. 32 of 2000)
MSCOA	Municipal Standard Chart of Accounts

MSIG	Municipal Systems Improvement Grant
MTSF	Medium Term Strategic Framework
NC	Northern Cape Province
NDMC	National Disaster Management Centre
NDP	National Development Plan
NGO	Non-Governmental Organisation
NT	National Treasury
NQF	National Qualifications Framework
NW	North West Province
NWSKS	National Water Services Knowledge System
OPEX	Operating Expenditure
PDMC	Provincial Disaster Management Centre
PMS	Performance Management System
PMU	Project Management Unit
PP&E	Property, Plant and Equipment
PPGI	Public-Private Growth Initiative
RBIG	Regional Bulk Infrastructure Grant
RRAMS	Rural Roads Access Management System
SA	South Africa
SALGA	South African Local Government Association
SALGBC	South African Local Government Bargaining Council
SAPS	South African Police Service
SARS	South African Revenue Service
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SETA	Sector Education Training Authority
SIP	Strategic Infrastructure Projects
SMME	Small, Medium and Micro enterprise
SoLGF	State of Local Government and Financial Management
SPLUMA	Spatial Planning and Land Use Management Act
SRT	Small Town Regeneration Strategy
Stats SA	Statistics South Africa
UIF	Unemployment Insurance Fund
UIFW	Unauthorised, fruitless and wasteful expenditure
UPM	Unemployed Peoples Movement
WBP	Ward Based Planning
WC	Ward Committee

WC	Western Cape Province
WCWDM	Water Conservation/Water Demand Management
WSDP	Water Services Development Plan
WSIG	Water Services Infrastructure Grant
WSP	Workplace Skills Plan

FOREWORD BY THE MINISTER

This report represents the Consolidated Local Government Performance Report for the 2023/2024 financial year, in terms of Section 48 of the Local Government Municipal Systems Act. The report consolidates the reports submitted by the MECs responsible for local government as required by Section 47 of the Systems Act and includes other relevant information.

Over the past 30 years, South Africa's local government has emerged as a vital cornerstone of our democratic dispensation, tasked with the crucial mandate of delivering services, fostering development, and promoting social cohesion at the grassroot level. Despite significant strides forward, our journey has not been without obstacles, and it has been incumbent upon us to confront these challenges head-on as we strive for a more inclusive and prosperous future.

Chief amongst the challenges facing local government is the persistent issue of inadequate service delivery. While considerable progress has been made in extending basic services to previously marginalised communities, disparities persist, and many municipalities continue to grapple with inadequate infrastructure, limited resources, and capacity constraints.

The scourge of corruption remains a significant impediment to effective governance and service delivery. Instances of financial misconduct, fraud, and breaches of codes of conduct undermine public trust, erode confidence in institutions, and divert critical resources away from essential services. The legacy of spatial inequality continues to pose a formidable challenge to our efforts to build inclusive and resilient communities. We know that persistent socio-economic disparities, inadequate housing, and spatial fragmentation perpetuate cycles of poverty and exclusion, hindering our collective aspirations for equitable development and social justice.

As our municipalities navigate these challenges, they are compelled to adapt and innovate in response to the evolving demographic landscape illuminated by the recent Census 2022. With the substantial growth in population comes heightened pressure on municipalities to fulfil their mandate of delivering essential services to an expanding populace. Today, our municipalities are confronted with the imperative to not only maintain existing service standards but also to scale up their infrastructure and resources. From provisioning clean water and sanitation to ensuring adequate housing and transportation, municipalities are tasked with addressing the multifaceted needs of a growing citizenry.

Guided by the need to enable a people-centred, competent and professional local government, we continued to institutionalise the District Development Model (DDM) as an operating model for the pursuit of the objects of local government. DDM IGR structures are in place and functioning in all provinces and in the majority of DDM district and metro spaces. Sector departments, in part through the support and guidance of the Department, have actively started to set-up their own internal DDM structures and arrangements and even heeded the call to identify and second senior officials to be part of the various provincial and district/metro DDM IGR platforms and structures. One notable achievement has been the implementation of catalytic projects in 11 districts/metros. This has showcased our commitment to targeted interventions that drive sustainable development at the grassroots level.

It remains CoGTA's strategic focus to ensure coordination amongst the three spheres of government to enable the delivery of basic services in accordance with government's objective to eradicate poverty, inequality and unemployment. Our efforts to resolve entrenched disputes have borne fruit, with four inter-governmental disputes formally resolved in dysfunctional municipalities. By fostering dialogue and promoting cooperative solutions, we have paved the way for enhanced service delivery and improved governance structures.

In terms of legislation, the introduction of the Intergovernmental Monitoring, Support and Interventions (IMSI) Bill marks a significant milestone in our journey towards enhanced governance frameworks. We have developed the IMSI Bill in compliance with the requirements of Section 100(3) and 139(8) of the Constitution. The aim of this Bill is to strengthen the processes and procedures of intervening by the national and provincial governments in provinces and municipalities, respectively. The Bill, amongst others, provides unambiguous, clear processes and procedures on how to deal uniformly with the invocation of Sections 100 and 139 of the Constitution.

Our focus on disaster management and climate resilience has been resolute. We have managed to support five sector departments in the implementation of disaster funding arrangements. We have also succeeded in assessing 14 municipal disaster management plans to enhance the implementation of DRR strategies for climate protection. Added to this, 10 municipalities have been assessed on the capacity to implement the National Fire Safety and Prevention Strategy.

We will continue to work through our entity, the Municipal Infrastructure Support Agent (MISA), to create resilient infrastructure and ensure sustainable development that balances the needs of current and future generations. The overall performance of the Municipal Infrastructure Grant (MIG) expenditure has been commendable, but challenges persist, especially in historically underperforming municipalities. In response, a comprehensive plan known as the Targeted Accelerated Service Delivery Plan (TASDP) has been formulated to revitalise stalled projects, upgrade existing infrastructure, and expedite service provision in areas with low spending on conditional grants. The TASDP focuses on four provinces - Free State, KwaZulu-Natal, Northern Cape, and North West – encompassing ten municipalities with identified projects valued at R675,028,882.35.

Additionally, innovative approaches such as the implementation of MIG Schedule 6B have been explored, allowing for indirect grant implementation in persistently underspending municipalities. Due to procedural complexities outlined in the DoRA framework, only two municipalities - Emfuleni Local Municipality in Gauteng and Uthukela District Municipality in KwaZulu-Natal – were approved for implementation under MIG Schedule 6B by the National Treasury.

Our call, “Every Municipality Must Work”, emphasises our resolve as the 7th Administration to get things right at the municipal level. We call on all South Africans to join us as we embark on this journey to advance the welfare and prosperity of our communities.

FOREWORD BY THE DEPUTY MINISTER

The Consolidated Annual Local Government Performance Report of 2023/24 provides an overall perspective of the Section 47 reports on municipal performance consolidated by the Provincial Departments responsible for local government. By analysing municipal performance and comparing it across provinces and nationally, it is possible to identify good practices, as well as weaknesses that require more focused support and intervention.

Understanding that sustainable service provision cannot be achieved by the government alone, we have actively pursued partnerships with both government and business entities. We recognise that the challenges faced by our municipalities are complex and multifaceted, requiring a collaborative approach that leverages the strengths and resources of all sectors.

Through the District Development Model (DDM), we have forged these vital partnerships, recognising the immense power of collaboration. The DDM has been instrumental in bringing together various stakeholders, including national and provincial governments, the private sector, civil society, and local communities. These partnerships have enabled us to undertake significant projects, from infrastructure development and maintenance to capacity-building programs and community engagement activities. We believe that the involvement of multiple stakeholders in the development process is crucial for achieving lasting change and building resilient communities.

Our country's climate priorities, encompassing both adaptation and mitigation strategies, have seen considerable progress. CoGTA's climate response agenda is primarily driven through the Integrated Urban Development Framework (IUDF). The IUDF aims for spatial transformation and addresses developmental mandates across metropolitan, intermediate, and smalltown contexts. It supports the localisation of Sustainable Development Goals (SDGs) within municipalities, focusing on integrated planning, efficient service delivery, urban safety, and local economic development. Achieving these objectives has required robust collaboration with both local and international partners. These partnerships are supported through various grant models such as the Integrated Urban Development Grant (IUDG), the Municipal Infrastructure Grant (MIG), and through the efforts of agencies like the Municipal Infrastructure Support Agent (MISA).

In addition to these frameworks, we have forged significant partnerships in governance, water management, and disaster mitigation with entities such as the National Business Initiative (NBI), Cell C, Sekhukhune Mining Houses, Sibanye Stillwater and Anglo American, amongst others. These collaborations have been pivotal in enhancing our capacity to address critical issues and implement effective solutions. Our global engagements have also been instrumental in driving progress. We have partnered with international organisations like the European Union (EU) and the World Resources Institute (WRI). These collaborations focus on capacity-building initiatives, water management projects, and advancing the Just Energy Transition (JET).

Furthermore, the Development Bank of Southern Africa (DBSA) has refocused its efforts to centre around municipalities, collaborating with them on project preparation and blended financing. This strategic shift has enabled more effective and sustainable financing solutions, supporting municipalities in their development goals.

Another significant achievement has been our progress in reimagining the Community Work Programme (CWP). While the CWP focuses on providing employment, it also seeks to restore hope, dignity, and a sense of purpose to those who have been marginalised or left behind. We believe in recognising the inherent worth and potential of every individual, regardless of their circumstances. We have successfully relaunched the reimagined CWP under the theme "Mobilising Public and Private Sector Smart Partnerships for an Impactful CWP Toward Artisan and Enterprise Development." This theme aligns deeply with our vision for the future of the CWP as we strive to forge collaborative partnerships that will drive tangible and sustainable development.

During the launches of the programme in Gauteng and the Eastern Cape, we introduced our Smart Partners to the provinces and the affected municipalities. Our aim is to maximise the impact of the CWP by supplementing municipal service delivery at the metro, district and local levels. We are proud to have forty-two (42) Smart Private Partners who are bringing innovative and cutting-edge technologies to complement service delivery in our municipalities. These efforts and partnerships represent our commitment to fostering sustainable development and ensuring that all South Africans benefit from improved services and opportunities. We look forward to building on these successes and continuing to work collaboratively with our partners to achieve our shared goals.

Work has continued to stabilise the management of debt owed to essential service providers like Eskom and Water Boards. A key initiative in this regard has been the introduction of the Smart Meters Grant, administered by the National Treasury. This grant is designed to provide capital and operational subsidies to co-fund smart metering systems on behalf of municipalities, with the initial focus on those currently enrolled in the municipal debt relief program.

We can also report that Maluti-a-Phofong Local Municipality and Eskom has signed a Distribution Agency Agreement (DAA). This landmark agreement, the first of its kind in the country, addresses the outstanding debt owed to Eskom. At its core, the DAA ensures that every resident has access to the fundamental necessity of electricity. The agreement aims to restore the municipality's technical and financial stability, empowering it to meet its obligations for bulk electricity payments to Eskom while ensuring the continued delivery of electricity as a basic service to its customers.

We are committed to addressing challenges in local government head on and turning them into opportunities for growth and improvement. We remain committed to continue to strive for excellence in our service delivery and pursue our vision of creating sustainable, resilient communities across South Africa. We will continue to focus on our mission to support municipalities in delivering essential services, enhancing the quality of life for all South Africans.

EXECUTIVE SUMMARY

The Municipal Systems Act, 2000 (Act No. 32 of 2000), requires the Minister of Cooperative Governance to compile and submit an annual consolidated report on municipal performance in terms of Section 48(1). This report reflects progress against the prescribed indicators in Section 43(3) and provides Parliament and citizens with an assessment of the overall state of local government performance. It is structured around five Key Performance Areas (KPAs) and includes cross-cutting issues that affect service delivery and governance. The 2023/24 report confirms that local government remains under significant financial and institutional strain. While some provinces continue to demonstrate stronger and more consistent performance, the broader trajectory is one of systemic pressure. Weak institutional capacity, poor governance and oversight, financial instability, and uneven service delivery remain the defining features of the sector. Clean audits increased modestly, yet this improvement is overshadowed by widespread weaknesses in internal controls, accountability, and consequence management.

Headline findings show that municipalities remain under severe financial strain, with poor liquidity, weak debt collection, and escalating arrears to Eskom and water boards. Service delivery outcomes remain deeply uneven, with urban municipalities generally performing better than rural ones. Institutional instability, leadership gaps, and weak HR practices undermine governance and service delivery outcomes. Local Economic Development (LED) remains poorly integrated with planning and budgeting, limiting its impact on job creation and growth. Audit outcomes confirm entrenched non-compliance with the MFMA, while consequence management remains weak. Disaster management, spatial planning, and climate resilience measures are fragmented and largely reactive.

KPA 1: Municipal Transformation and Organisational Development
Institutional weaknesses continue to define this KPA. The national vacancy rate for senior management (Section 54A and 56 posts) stood at 30% in 2023/24, with Mpumalanga (46%), Free State (41%), Northern Cape (35%), and North West (35%) recording the highest levels. Female representation in senior management averaged 28%, still well below the 50% target, though Limpopo achieved 48% and Mpumalanga 38%. Representation of people with disabilities remained below 1% in most municipalities, short of the 2% target, while youth under 35 made up just 9% of municipal employees in Mpumalanga. Reporting on these indictors was also very incomplete. Workplace Skills Plans were submitted in six provinces, with training expenditure uneven—Limpopo reported 3,201 employees trained, while in the Western Cape training spend fell to only 0.5% of budgets. These gaps in leadership and skills development erode organisational stability, weaken institutional capacity, and create cascading effects across finance and service delivery.

KPA 2: Basic Service Delivery
Access to basic services remains uneven across provinces. In 2023/24, 88.5% of households had access to piped or tap water, yet reliability continued to decline, with high levels of interruptions lasting two days or more. Water losses remained severe, exceeding 40% nationally. While 83.2% of households had access to improved sanitation, only 61% had flush toilets connected to sewerage systems, highlighting persistent disparities in service quality. Electricity access reached nearly 90%, though illegal connections and other non-technical losses undermined reliability. Refuse removal services also showed inequalities: 62.6% of households benefited from weekly removal, while 28.8% still relied on own refuse dumps, particularly in rural

municipalities. On the infrastructure side, spending on repairs and maintenance remained well below the 8% benchmark, despite the Municipal Infrastructure Grant achieving 98% expenditure of its R3.4 billion allocation, largely prioritised for water and sanitation projects. These patterns reflect ongoing backlogs, declining reliability, and underinvestment in critical infrastructure.

KPA 3: Local Economic Development (LED)

LED remains constrained by weak financial bases, limited capacity, and poor coordination. Only a portion of municipalities reported up-to-date LED strategies, with many outdated or poorly implemented. LED units remain under-capacitated, with numerous vacancies or underqualified staff. LED forums were often non-functional, undermining collaboration with stakeholders. Job creation efforts produced over 200,000 opportunities through EPWP, CWP, and other initiatives, yet reporting on outcomes remained inconsistent. The Community Work Programme expanded smart partnerships with 42 private partners piloting enterprise and artisan development, providing examples of innovation. However, misalignment between planning, budgets, and implementation limited the overall developmental impact of LED interventions.

KPA 4: Municipal Financial Viability and Management

The financial position of municipalities in 2023/24 remained precarious. A total of 112 municipalities adopted unfunded budgets, up from 106 in 2021/22. Nearly half of municipalities reported cash coverage of less than one month, while three-quarters recorded liquidity ratios below 1. Consumer debt and arrears to Eskom and water boards continued to escalate, creating critical risks for service continuity. CFO vacancies rose to 20% (50 municipalities), worsening financial instability. Audit outcomes showed limited progress, with disclaimers and adverse findings persisting in weaker provinces, and irregular, fruitless, and wasteful expenditure remaining widespread. Overspending and underspending trends underscored weak financial controls, while Section 139 interventions seldom addressed systemic weaknesses. These conditions highlight a sector still unable to stabilise its finances or comply consistently with MFMA requirements.

KPA 5: Good Governance and Public Participation

Governance and oversight structures remain uneven in functionality. Municipal Public Accounts Committees varied widely in effectiveness; Gauteng reported high levels of compliance, while other provinces struggled with resourcing and weak oversight. Ward committees and Community Development Workers were in place but often inconsistent, with irregular meetings and poor follow-up. Anti-corruption measures remained weak, with many municipalities lacking whistleblowing mechanisms or fraud registers.

Conclusion

The 2023/24 Section 48 Report shows that municipalities continue to face challenges with capacity, financial sustainability, governance, and service delivery, but also highlights areas of resilience and good practice. Several provinces and metros demonstrate stronger performance that can be replicated elsewhere. With focused action to strengthen governance, professionalise administration, enhance financial management, and invest in infrastructure, municipalities can build greater resilience and improve their ability to meet service delivery demands and developmental goals.

1. INTRODUCTION

Local government in South Africa serves as a cornerstone for delivering essential services, driving development, and ensuring participatory democracy at the community level. The effectiveness of municipalities directly influences the quality of life of residents, making it critical for these institutions to function with efficiency, transparency, and accountability. Where local governments fail—whether through poor management, financial misconduct, or inadequate service delivery—the consequences are severe: public trust erodes, inequality deepens, and socio-economic progress is obstructed.

The Section 48 Report, mandated annually under the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), provides a comprehensive overview of trends in governance, financial management, and service delivery. Its purpose is to enable stakeholders to track progress, identify structural weaknesses, and implement corrective actions that safeguard the public interest.

1.1 PURPOSE OF THE REPORT

This report is prepared to inform both Parliament and the citizens of South Africa about the progress municipalities have made in advancing the objectives of developmental local government. Submitted annually in line with the Municipal Systems Act of 2000, the Section 48 Report fulfils two primary purposes. First, it functions as an early warning tool by identifying municipalities facing difficulties that may require intervention. Second, it draws attention to positive examples, showcasing successful practices that can be shared and adapted across municipalities to encourage mutual learning and continuous improvement.

Right now, there are several challenges that make it difficult for the Section 48 Report to fully achieve its purpose. These challenges are highlighted throughout the report, and include the following:

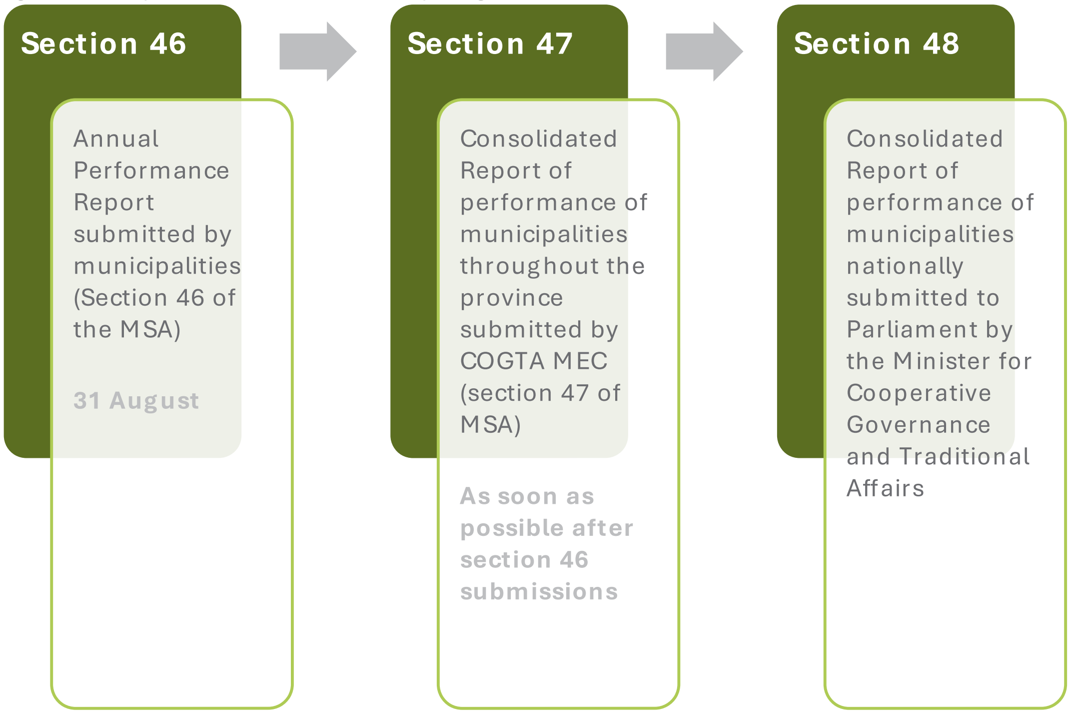
- **Delays in Data Collection:** Significant lags in receiving Section 46 reports from municipalities and Section 47 reports from provinces delay the overall process.
- **Extended Compilation Timelines:** The time required to compile and consolidate these reports limits the ability of the Section 48 Report to function as a timely and effective monitoring, reporting, and response mechanism.
- **Data Gaps and Inconsistencies:** Incomplete data and inconsistent reporting practices across provinces make it difficult to conduct meaningful national comparisons in several key areas.

Potential areas for improvement are identified and discussed later in the report.

1.2 REPORTING PROCESS

The figure below depicts the reporting cycle based on the submission of Section 46 reports from municipalities to provinces, who compile a consolidated provincial report on the form of the Section 47 report. This in turn is compiled into a Section 48 report that is tabled to Parliament.

Figure 1: Municipal, Provincial and National Reporting Process



Source: Section 48 report

1.2.1 Municipal Reporting

The MSA mandates municipalities to monitor performance via quarterly and mid-year reports that inform the annual performance reports (Section 46 reports). These reports, along with financial statements, are submitted for auditing by 31 August. All municipalities must submit audited Section 46 reports to their Councils and MECs for Local Government, detailing:

(a) Performance during the financial year; (b) A comparison to the previous year; and (c) Measures taken to improve performance.

1.2.2 Provincial Reporting

Section 47 of the MSA requires all provinces to submit consolidated municipal performance reports to the Department of Cooperative Governance. These reports should cover the five Key Performance Areas (KPAs) of the Five-Year Local Government Strategic Agenda, address cross-cutting issues like integrated development planning, and outline key challenges, interventions, and support mechanisms with clear recommendations. Provinces primarily use Annual Performance Reports (based on S46), IDP reports, audit outcomes, and audited financial statements as data sources. Some provinces did not fully meet submission requirements. KZN, MP, and WC did not specify the number of Section 46 reports submitted. Eastern Cape had three municipalities with missing reports due to delayed audits and political instability. Free State had six non-compliant municipalities: Kopanong, Mohokare, Lejweleputswa, Maluti-a-Phofung, Nketoana, Mafube.

1.2.3 National Reporting

The Section 48 report is a consolidated assessment of municipal performance, compiled in line with the Municipal Systems Act (MSA). It draws on a number of sources, including provincial Section 47 reports, the Department of Cooperative Governance (DCoG) Annual Report, the Auditor-General's reports, Section 134 reports, National Treasury reports, and data from Statistics South Africa. Once compiled, the Section 48 report is tabled in Parliament and shared with the MECs in each province.

1.3 STRUCTURE OF THE REPORT

The structure of the Section 48 Report is set out in the table below:

Table 1: Report Structure

Section	Title	Covers
1	Introduction	• Introduction, purpose, reporting process
2	Background	• Legislative and policy context • Audit findings and state of Section 47 reporting, • Methodology and approach
3	KPA1: Municipal Transformation and Organisational Development	• Workforce Stability • Employment Equity • Skills Development • Performance management & compliance • Disciplinary procedures
4	KPA2: Basic Service Delivery	• Access to services • Service Reliability • Infrastructure investment and maintenance
5	KPA 3: Local Economic Development	• LED Strategy & Planning • Facilitated job opportunities • Types of LED initiatives
6	KPA 4: Municipal Financial Viability	• Financial Distress Indicator • Budget Funding Status (unfunded vs funded) • Revenue • Operating Expenditure • Cash Management and Liquidity • Audit Outcomes
7	KPA 5: Good Governance and Public Participation	• Ward committees • Functionality of Council Structures • Anti-corruption and fraud prevention
8	Cross Cutting Planning Issues	• Spatial planning • Disaster Management • Climate resilience
9	Conclusion	• Provincial challenges and support interventions per KP
10	References	

2. BACKGROUND

2.1 LEGISLATIVE & POLICY CONTEXT

2.1.1 The Constitution

The Constitution of South Africa (Act 108 of 1996) establishes three interdependent spheres of government that must work together through cooperative governance, recognising that development challenges cannot be addressed by one sphere alone. The Intergovernmental Relations Framework Act 13 of 2005 was introduced to support this collaboration.

Sections 152, and 153 of the Constitution define local government as developmental, with responsibilities including service delivery, promoting social and economic development, and encouraging community involvement. Municipalities are required to prioritise community needs and align their operations with national and provincial development programmes. Section 154 further obliges national and provincial governments to support and strengthen municipal capacity to perform their functions effectively.

2.1.2 White Paper on Local Government (1998)

The White Paper on Local Government gives effect to the constitutional obligations of the local government sphere. It defines *developmental local government* as municipalities committed to working with communities to find sustainable ways to meet social, economic, and material needs while improving quality of life. It sets out guiding principles, characteristics, outcomes, and mechanisms for achieving these goals. The White Paper sets out the characteristics of developmental local government, which are that municipalities should work innovatively and cooperatively with communities to:

- **Maximise** social development and economic growth
- **Integrate and coordinate** services and initiatives
- **Democratise development**, empower citizens, and promote redistribution
- **Lead and learn** through adaptive governance

The White Paper sets out the following developmental outcomes:

- Provision of household infrastructure and services
- Creation of liveable, integrated cities, towns, and rural areas
- Promotion of local economic development
- Community empowerment and redistribution

Mechanisms for Implementation are:

- Integrated development planning and budgeting
- Performance management
- Collaboration with citizens and partners

National and provincial governments must actively support municipalities in building strong local governance. Municipalities, in turn, must work collaboratively with other spheres of government to enhance service delivery and development.

2.1.3 Organised Local Government

The Constitution allows municipalities to form associations. The South African Local Government Association (SALGA) serves as the national voice of local government, with six main functions:

- Representation, advocacy, and lobbying

- Employer representation in collective bargaining (SALGBC)
- Capacity building for councillors and officials
- Support and advice on policy and legislation
- Strategic profiling of local government nationally and internationally
- Knowledge and information sharing

SALGA represents local government in legislative processes, intergovernmental forums, and labour relations structures, while also providing specialised services, research, peer learning, and training to municipalities.

2.1.4 Medium-Term Strategic Framework (MTSF) 2019–2024

The MTSF 2019–2024 serves as a five-year implementation plan and integrated monitoring framework. It is based on the seven priorities of the sixth administration, with interventions to achieve each priority. Progress is tracked through outcomes, indicators, and targets.

The MTSF promotes alignment and coordination across all development planning instruments, integrating them into a single results-driven framework. It seeks to avoid duplication, role conflict, and contradictory initiatives, with improved delivery through the district-based model.

Priority 5: Spatial Integration, Human Settlements and Local Government

This priority addresses the constitutional right to access basic services, in line with South Africa's commitment to the Sustainable Development Goals, including clean water, sanitation, electricity, and related services. Effective spatial planning is key to achieving these rights. Although service delivery has improved over time, many municipalities face difficulties in operating and maintaining infrastructure sustainably. This leads to asset deterioration, frequent disruptions, and negative impacts on social and economic development. Functional municipalities are essential for creating safe, healthy, and economically sustainable environments.

Key departments responsible for improving and monitoring basic services:

- Department of Mineral Resources and Energy – electricity
- Department of Water and Sanitation – water and sanitation
- Department of Forestry, Fisheries and the Environment – waste management
-

2.1.5 The National Development Plan

In 2012, the National Planning Commission identified uneven capacity across local, provincial, and national government as the main obstacle to building a capable and developmental state. This unevenness stems from factors such as political–administrative tensions, instability in leadership, skills shortages, weak accountability, poor organisational design, and low staff morale.

The NDP proposes targeted actions to address these challenges:

- **Stabilise the political–administrative interface** – Build a professional, politically impartial public service with clear separation between political and administrative roles.
- **Make public service a career of choice** – Recruit and develop skilled professionals at all levels.
- **Develop technical and specialist skills** – Strengthen the state's capacity to produce and retain critical expertise.

- **Strengthen delegation and accountability** – Promote consistent delegation supported by oversight systems.
- **Improve interdepartmental coordination** – Resolve most issues through day-to-day cooperation between officials.
- **Enhance intergovernmental relations** – Devolve responsibilities where capacity exists and build capacity where it is lacking.
- **Strengthen local government** – Provide long-term skills development, a professional ethos, and stronger citizen participation.
- **For local government specifically**, the NDP recommends:
    - Strengthening recruitment systems, operational guidelines, and staffing frameworks.
    - Linking municipal skills plans to Integrate Development Plans (IDPs).
    - Improving national and provincial support and oversight.
    - Focusing IDPs on core priorities, led by municipal staff.
    - Ensuring community participation in IDPs is deliberative and takes place in community spaces.

2.2 METHODOLOGY AND APPROACH

The Section 48 report was developed through the consolidation and analysis of the nine provincial Section 47 reports, which provide provincial assessments of the state of municipalities. These reports were supplemented with additional sources such as Statistics South Africa General Household Survey, 2024, the DCoG Annual Report (2023/2034), the Auditor General of South Africa (AGSA)'s Consolidated Local Government Report on Audit Outcomes for 2023/2024, reports from National Treasury and the Section 134 Report for 2023/2024. Together, these sources offered both quantitative and qualitative insights into governance, financial management, service delivery, and institutional capacity across municipalities.

However, the process was not without challenges. The previous two years' reports drew aggregated information from the Statistics South Africa's Non-Financial Census of Municipalities, as well as National Treasury's State of State of Local Government Finances and Financial Management.[1] These reports were not available for 2023/2034. The nine provinces did not provide data in a uniform format, making direct comparisons difficult in many cases. In addition, provinces did not report consistently on issues, and in several instances the reporting was either unclear or inadequate. These limitations affected the ability to generate a fully standardised national overview.

In response to these challenges, a flexible and pragmatic approach was adopted that included:

1. **Comparative analysis where possible:** Where data were comparable across provinces, direct comparisons were made, even if this was possible for fewer than nine provinces.
2. **Province-specific reporting:** In instances where no common basis for comparison existed, the report presents provincial-level explanations of initiatives, interventions, and challenges to ensure that important information is not omitted.
3. **Thematic synthesis with supplementary sources:** To strengthen reliability, secondary sources such as Stats SA, the National Treasury, State of Local Government and Financial Management, Annual Report, Section 134 report and National Treasury reports were integrated where available. These sources provided a broader national perspective and helped triangulate findings.

[1] Statistics South Africa, Non-Financial Census of Municipalities as of June 2023 and National Treasury, State of State of Local Government Finances and Financial Management, June 2023.

This mixed approach allowed the Section 48 report to provide a consolidated national perspective while still acknowledging variations in provincial reporting. It ensured that the report reflects both cross-cutting trends and province-specific circumstances, thereby offering a more accurate and balanced assessment of the state of local government.

3. MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT

3.1 OVERVIEW

Well-capacitated municipal organisations are essential for effective service delivery. This requires the appointment of qualified personnel, promotion of employment equity, and continuous staff development. Section 47 reports assess the institutional readiness of municipalities to meet their constitutional and developmental responsibilities as outlined in the Constitution and the White Paper on Local Government.

The Municipal Systems Act provides the legislative foundation for this KPA. Chapter 7 requires municipalities to adopt appropriate policies and systems, while Section 51 guides organisational transformation. Within available resources, municipalities must structure administrations to: respond to community needs; foster accountability and a culture of service; align with constitutional performance objectives; reflect Integrated Development Plan (IDP) priorities; promote coordination between political and administrative structures; remain adaptable to changing demands; and operate through efficient or decentralised mechanisms. Clear assignment of responsibilities, accountability of the municipal manager, effective delegation, inclusive decision-making, and fair, non-discriminatory working environments are also required.

These measures aim to ensure municipalities are responsive, accountable, and performance-driven in delivering services. To strengthen professionalisation, government gazetted the Regulations on the Appointment and Conditions of Employment of Senior Managers on 17 January 2014. These regulations set uniform standards for the appointment and employment of senior managers and their direct reports, thereby improving consistency, accountability, and professionalism across municipalities.

The following indicators are reported on in this section:

1. Workforce stability (number of approved posts for Section 54A and 56 senior managers, filled posts and vacancy rate in senior management)
2. Employment equity
3. Capacity building and skills development
4. Performance management
5. Disciplinary procedures
6.

3.2 WORKFORCE STABILITY

3.2.1 Overview

Workforce stability refers to the continuity of employees within an organisation, characterised by low turnover and minimal disruption. It underpins the retention of institutional knowledge, operational efficiency, and the effectiveness of service delivery.

In municipalities, stability is assessed through key metrics such as the number of approved versus appointed Municipal Managers and Section 54 and 56 positions, vacancy rates, and the number of senior managerial posts against the approved organogram. These indicators reveal the municipality's ability to fill leadership roles critical for governance and service delivery. Approved versus appointed figures reflect recruitment efficiency, while vacancy rates highlight gaps that could undermine operational stability. Tracking senior management posts against the organogram further ensures alignment with strategic staffing plans and resource allocation.

Together, these measures provide a clear picture of workforce capacity and the municipality's ability to maintain stable, effective leadership structures.

3.2.2 Senior Management Vacancy Rates

In line with Section 66 of the MSA (Act No. 32 of 2000), municipalities must establish and maintain an approved staff structure and regularly assess vacancy rates. Once approved by the municipal council, it is the Municipal Manager's responsibility to ensure timely filling of posts.

Table 2 shows information for 8 out of 9 provinces who reported numbers on the Section 54A and 56 vacancies (the municipal manager and his or her direct reports). According to an aggregation of these reports there was national vacancy rate of 30% in 2023/2024. This has worsened from 25.6% in 2022/2023. A good vacancy rate for senior management in government is generally considered to be below 10%. Rates above this threshold may indicate challenges in recruitment, retention, or organisational stability, and can negatively impact governance and service delivery. In the South African context, high vacancy rates in senior positions have been repeatedly highlighted by DCOG and the AGSA as a concern affecting municipal performance. Many municipalities continue to struggle with high vacancy rates. While some have addressed this by requesting seconded officials from the provincial departments, this approach presents challenges and places additional strain on both the department and municipalities. Mpumalanga (46%), Free State (41%), Northern Cape, and North West (35%), have particularly concerning vacancy rates in the top two-level posts in municipalities.

Table 2: Number of managerial positions by province according to Section 54A and 56[2]

Province	Total Approved Posts	No of filled posts	Vacant Posts	Vacancy Rate 2023/24
Western Cape	138	120	18	13%
Northern Cape	143	93	50	35%
Free State	126	74	52	41%
KwaZulu-Natal	152	122	30	20%
North West	142	93	49	35%
Gauteng	116	91	25	22%
Mpumalanga	123	96	27	22%
Limpopo	162	87	75	46%
Total South Africa	**1 014**	**705**	**309**	**30%**

Source: Section 47 Reports 2023/2024

The Eastern Cape did not provide actual numbers with respect to vacancy rates. The assessment of municipal performance in filling Section 54A and 56 managerial posts for the 2023/24 financial year in the Eastern Cape is done using a rating scale that shows mixed outcomes. Twenty municipalities (52,6%) achieved an excellent rating, having reported 100% appointment of Municipal Managers and Section 56 Managers. Three municipalities were rated very good, with

[2]Figures provided for 8 or 9 provinces. Eastern Cape information not included

appointment levels between 85% and 99%, while nine municipalities were rated good, with appointment levels between 70% and 84%. Overall, the results indicate a slight decline in appointments compared to the previous year. It is worth noting that reporting actual vacancy numbers, rather than a rating scale, would provide a clearer and more accurate picture of workforce capacity across municipalities in this province.

3.2.3 Vacancy Rates and Acting Positions of MMs and CFOs

To encourage stability at municipalities, the National Treasury has embedded a compulsory requirement that the positions of both the Municipal Manager (MM) and Chie Financial Officer (CFO) should not be vacant for more than six months during the financial year where a roll-over is requested. High levels of acting MM and CFO positions undermine workforce stability because acting officials often lack the authority and continuity needed for long-term planning, sound financial management, and accountability.

According to the Auditor General's Consolidated General Report on Local Government Audit Outcomes 2023-2024[3], across the country:

- Instability at the MM level is a persistent issue. Many municipalities are still led by acting MMs rather than permanent appointees.
- The report emphasised that this instability weakens accountability, disrupts leadership continuity, and undermines the implementation of corrective measures.
- Extended reliance on acting MMs is flagged as a major risk to governance, because acting officials often lack the authority or long-term commitment to drive reforms effectively.
- Vacancies in CFO positions worsened nationally over the reporting period.
- By the end of 2023/24, 50 municipalities (20%) had CFO posts vacant, compared to 37 municipalities (15%) in 2020/21.
- Municipal finance units also recorded an average vacancy rate of 19%, slightly higher than the 18% reported in 2020/21.
- In municipalities with disclaimed audit opinions, the picture was even more concerning: CFOs in these municipalities had on average only 39 months' tenure in their positions, pointing to high turnover and lack of stability.
- Acting CFO appointments were widespread, but the report notes these temporary arrangements rarely provide the leadership strength or financial management expertise required.

In summary, nationally, municipalities are struggling to maintain stability in their top two administrative posts. Persistent vacancies and long stretches of acting appointments for both MMs and CFOs are identified as key contributors to weak governance, unreliable financial reporting, and poor service delivery outcomes.

3.2.4 Provincial Comments on Vacancy Rates

Province	Comments
Eastern Cape	The province supports municipalities through quarterly corporate-services forums and monitors progress on filling posts.
Free State	Report incomplete; no analysis provided.
Gauteng	The overall vacancy rate increased to 25% (2023/24), reflecting persistent recruitment delays. High vacancies in critical service areas (water, sanitation,

[3] Auditor General's Consolidated General Report on Local Government Audit Outcomes 2023-2024, (pp 39 & 143)

Province	Comments
	electricity, waste) remain a concern. City of Johannesburg kept vacancies low (declining to 6% in 2023/24), while City of Tshwane recorded 39.1%, linked to political instability and leadership changes. Local municipalities show persistent gaps. Many municipalities remain under-capacitated due to slow implementation of staff regulations and resistance in some councils, compounded by weak consequence management for non-compliance.
KwaZulu-Natal	Municipalities filled 259 of 315 approved senior-management posts (82%); 56 posts were vacant (18%). Only 25 of 54 municipalities had a full complement of senior managers. The overall vacancy rate improved year on year. Technical Services had the lowest vacancy rate (5.6%, down from 22.2%); Community Services had the highest (25.5%). Reduced vacancies are partly attributed to Section 56 posts now being permanent. Vacancies still arise from resignations, dismissals, promotions, and deaths, which are tracked quarterly.
Limpopo	The vacancy rate for Section 54A and 56 posts rose from 25% in 2022/23 to 41% in 2023/24. No analysis of causes or support measures was provided.
Mpumalanga	Of 124 approved senior-management posts, 96 were filled and 28 were vacant; 38 were filled by women and 58 by men. Delays persisted in appointing senior-management personnel.
Northern Cape	Municipalities reported 143 senior-management posts in total. Progress toward a 50:50 gender split at senior level remains off target. Some posts became vacant during the year due to contract expiries and could not be filled before year-end.
North West	Twenty-two municipalities were supported to comply with the MSA Regulations on senior-manager appointments, including: Issuing guidance on steps to fill senior-management posts and compiling compliance reports on adherence to the Regulations.
Western Cape	Twenty-eight municipalities (93%) have permanently appointed MMs Waterskloof and Kannaland have acting MMs. There were 18 vacant Section 56 senior-management posts. Most other senior posts were filled, but these vacancies create gaps in key administrative leadership.

Source: Section 47 Reports 2023/2024

Provinces reported several forms of support as effective in assisting municipalities to fill vacant senior manager positions:

- **Issuing Directives:** Circulating notices, circulars, or guidelines to municipalities outlining the required steps for filling senior management posts.
- **Monitoring Compliance:** Preparing reports on municipal compliance with the Regulations on the Appointment and Conditions of Employment of Senior Managers.
- **Capacity-Building Forums:** Providing ongoing support through quarterly forums and bi-annual workshops to help municipalities interpret and apply the regulations.
- **Targeted Interventions:** Acting where municipalities fail to comply, such as the KwaZulu-Natal MEC's directives to five municipalities with posts vacant for six months to a year—a measure reported as effective.
- **Reviewing Appointments:** Evaluating senior manager appointment reports and advising the MEC on enforcement actions or remedies where necessary.

3.3 EMPLOYMENT EQUITY

This indicator measures the extent to which municipalities have met the employment equity targets outlined in their Employment Equity Plans, as approved by their respective municipal councils. It aligns with the general key performance indicator (KPI) prescribed by the Minister under Regulation 10(e) of the Municipal Performance Management Regulations, 2001, which states:

> *Number of people from employment equity target groups employed in the three highest levels of management in compliance with the municipality's employment equity plan.*

Employment equity performance is assessed in three key areas:

- Employment of women
- Employment of persons with disabilities, and
- Employment of youth (35 years and under).

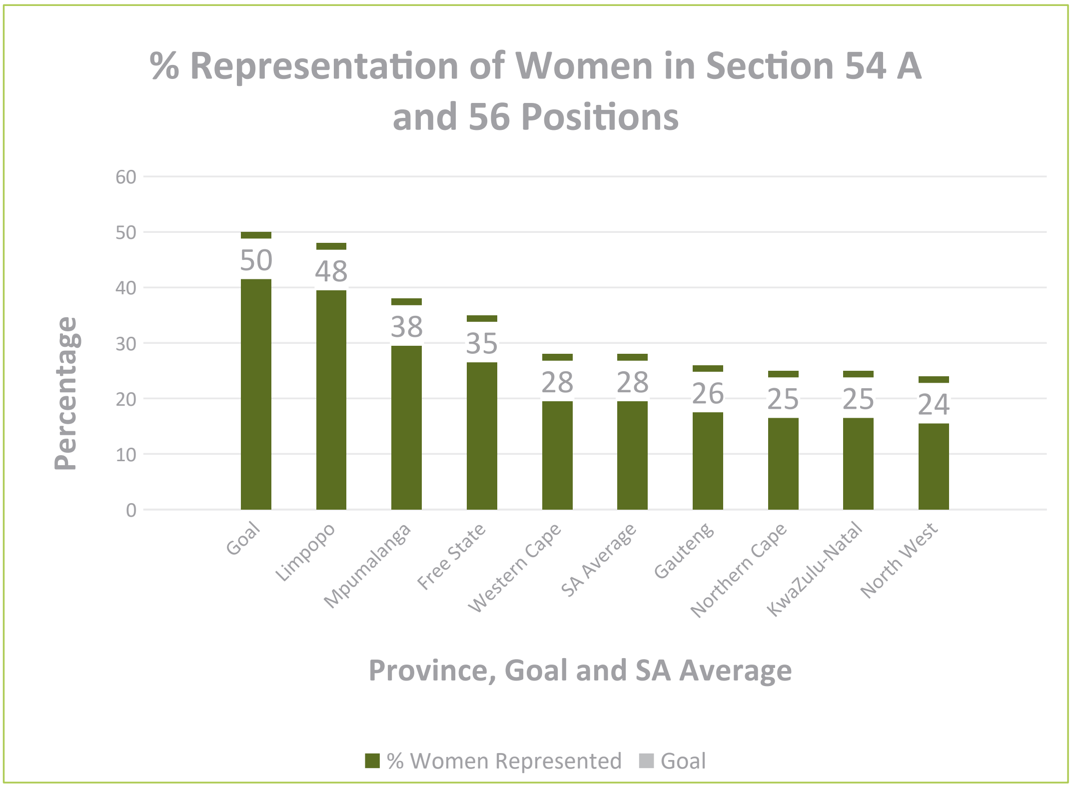
3.3.1 Female representation in managerial positions (Section 54 and 56)

The figure to depict female representation is calculated against actual appointments at the time (warm bodies), not against the approved organogram, which includes vacant posts. This is the correct method for assessing female representation because:

- **Vacant posts distort the denominator**: If representation is calculated against an organogram that includes unfilled posts, female percentages are artificially deflated.
- **Warm bodies reflect reality**: By only counting employees who are in posts, the calculation accurately reflects the proportion of women currently holding leadership positions.
- **Policy and reporting standards**: Many workforce equity and compliance frameworks require reporting based on incumbents (actual employees), since representation is meant to capture the existing workforce structure, not hypothetical or unfilled capacity.

Therefore, using "warm bodies" gives the most accurate picture of gender representation at senior management level.

Figure 2: % Representation of Women in Section 54A and 56 Posts



Source: Section 47 Reports 2023/2024

Figure 3[4] shows that all provinces fall short of the 50% target. The national average for the reporting period is 28%. All provinces indicated that though committed, with the issues of high vacancy rates and delays in making appointments, it is difficult to achieve the 50% goal. While some provinces made progress in appointing qualified women into leadership, none consistently met the 50 percent Employment Equity Act target. Limpopo came closest, with 48% of senior management posts held by women, while Mpumalanga reported 38%.

Several provinces noted declines in female representation: in the Eastern Cape, metros like Buffalo City and Nelson Mandela Metro regressed compared to prior years. Free State municipalities reported persistent underrepresentation of women, with difficulties in filling senior posts with qualified female candidates. Gauteng tracks equity through formal systems but highlighted that targets remain unmet and unevenly applied. KwaZulu-Natal acknowledged progress in appointing women, but overall, female representation still falls below 50 percent, with many municipalities struggling to sustain improvements.

The Northern Cape and North West both emphasised monitoring equity in management as a performance indicator but admitted that female representation is still below required thresholds. Western Cape focused more on skills shortages and retention, with women included in training and development target.

[4] Figure 3 offers no comparisons of the past 2 years as the past two reports used Stats SA non-financial census of municipalities data. This data was not ready for the 2023/2024 report. Therefore figure 3 is derived from the section 47 reports. Comparing data from different sources may not yield and accurate comparison.

A common theme across all provinces is the gap between policy commitments and implementation. While employment equity is embedded as a performance area, many municipalities lack the policies or recruitment pipelines to ensure sustained inclusion of women, youth, and persons with disabilities in senior posts. Capacity-building programmes, graduate deployment, and workplace skills initiatives are being rolled out, but systemic barriers mean that gender parity in municipal management remains a work in progress rather than a reality.

Table 3: Provincial comments on female representation

Province	Findings
Eastern Cape	Employment equity is a KPI under institutional transformation. Municipalities are measured on filling of Section 54 & 56 posts and equity compliance. Some metros like Buffalo City and Nelson Mandela Metro recorded a decline in female representation in leadership compared to prior years.
Free State	There is underrepresentation of women in senior management. Municipalities face challenges in filling posts with qualified female candidates, despite equity policies.
Gauteng	Equity targets remain unmet, and progress is uneven across municipalities.
KwaZulu-Natal	The report shows progress in appointing women to management, but also persistent vacancy and capacity gaps. KZN noted that eight of its municipalities had no women in senior management but that six had 50%
Limpopo	48% of senior management positions were occupied by women, slightly below the 50% Employment Equity Act target.
Mpumalanga	The report notes progress in gender representation, but municipalities still lack Employment Equity Policies.
North West	Women's representation in management remains below equity targets, though tracked as a key performance measure.
Northern Cape	Equity targets below what they should be
Western Cape	Training and workplace skills plans include women as equity targets. Municipalities face challenges in retaining skilled female staff.

3.3.3 Representation of people living with disabilities

Across provinces, municipalities face persistent challenges in employing people with disabilities in line with the Employment Equity Act's 2% national target. In most cases quantitative data is unavailable, and where it is, actual representation is typically below 1 percent, with many municipalities reporting no employees with disabilities at all. Equity plans exist in most provinces, but implementation is weak. Reports emphasise the need for dedicated recruitment strategies, reasonable accommodation, improved HR capacity, and stronger monitoring and enforcement by MECs.

Mpumalanga provides the clearest data, with 149 posts filled by people with disabilities, and municipalities such as Steve Tshwete and Govan Mbeki leading in appointments. Elsewhere, provinces including Gauteng, North West, and the Free State acknowledge disability as an equity indicator but generally report poor compliance. While inclusion is embedded in frameworks, practical progress is uneven and limited to a few municipalities showing measurable success.

Table 4: Provincial information on people living with disabilities targets

Province	Findings
Eastern Cape	The report states that municipalities monitor compliance on disability appointments. Performance is inconsistent, with many municipalities not meeting employment equity norms for disability inclusion.
Free State	Employment equity compliance is a challenge, and people with disabilities are underrepresented. Reports note municipalities struggle to fill posts

Province	Findings
	with this group, despite commitments under employment equity.
Gauteng	The report reiterates that municipalities must comply with the Employment Equity Act, which includes the 2% norm for people with disabilities at senior management level. However, compliance reporting is weak, and most municipalities are not meeting this target.
KwaZulu-Natal	Disability inclusion is mentioned as part of employment equity analysis. The report notes municipalities continue to face challenges in meeting targets for both gender and disability appointments.
Limpopo	People living with disability figures not reported.
Mpumalanga	A dedicated table on employment of people with disabilities shows 149 posts filled by people with disabilities across municipalities which is the same as the previous year. Top employers included Steve Tshwete (25), Govan Mbeki (21), Emalahleni (12), and Mkhondo (12). The analysis states that all municipalities across the three districts have been able to fill some posts with people with disabilities.
North West	The provincial department acknowledges that municipalities are falling short in implementing staff regulations, including employment equity for people living with disabilities.
Northern Cape	The report stresses inclusion of vulnerable groups, including people with disabilities, though compliance remains low.
Western Cape	The report highlights skills shortages and turnover. No employment figures provided on people living with disabilities.

Source: Section 47 Reports from provinces 2021/2022

3.3.4 Representation of youth (35 years and under) employment

Across provinces, youth (employees aged 35 years and under) remain underrepresented in municipal staff structures. While most reports recognise youth as a priority group within employment equity frameworks, quantitative data is scarce, with the exception of Mpumalanga, which provided detailed tables showing that only around 15–20 percent of posts are held by youth. Other provinces, including Eastern Cape, Free State, Gauteng, Limpopo, KwaZulu-Natal, Northern Cape, and Western Cape, note youth inclusion as a compliance requirement but report weak implementation and limited recruitment pathways for young professionals.

Some provinces highlighted interventions: North West deployed 100 graduates across 22 municipalities, while Mpumalanga municipalities created tens of thousands of youth-focused work opportunities through the EPWP and CWP. Despite these efforts, the overall pattern is one of weak compliance, poor monitoring, and limited success in reaching the Employment Equity Act's intent for youth inclusion in municipal employment.

Table 5: Provincial information on youth (35 years and under) employment in municipalities

Province	Findings
Eastern Cape	. The report notes weak compliance, with most municipalities not meeting equity norms for youth inclusion. Data is limited, and performance is inconsistent across districts.
Free State	Equity indicators include youth, but reports highlight significant underrepresentation in municipal staff structures. Municipalities struggle to design recruitment pathways for young professionals.
Gauteng	The report lists employment equity obligations, including youth. Compliance is generally weak, and reporting on actual numbers of staff under 35 not in report.
KwaZulu-	Youth inclusion is addressed in employment equity analysis. The province

Province	Findings
Natal	highlights challenges in attracting and retaining young professionals in municipalities.
Limpopo	Youth employment is included in compliance assessments, but figures are not detailed in the reviewed summary. Municipalities are expected to develop equity strategies that target youth.
Mpumalanga	Provides the most detailed statistics: 2096 or 9% of employees are 35 years or younger across the province. Nkangala district has 11% beating the provincial average.
North West	The province reports the deployment of 100 graduates in 22 municipalities (2023–2026) as a deliberate intervention to increase youth representation in municipal staff. However, systemic underrepresentation persists.
Northern Cape	Employment equity reporting includes youth, but most municipalities failed to provide detailed data. The narrative highlights a lack of targeted programmes for youth employment in municipal structures.
Western Cape	Youth are identified as a target group within municipal skills development and workplace training plans. However, concrete statistics on youth employment in municipal posts are not provided.

Source: Section 47 Reports from provinces 2023/24

3.4 MUNICIPAL CAPACITY BUILDING AND SKILLS DEVELOPMENT

3.4.1 Overview

In terms of the Skills Development Act, 1998 (Act No. 97 of 1998) and the MSA, municipalities are mandated to implement training programmes that strengthen their human resource capacity. However, information from the Section 47 reports show that compliance is uneven. In many cases, training is not systematically aligned to organisational needs, resulting in limited impact on institutional performance. Strengthening compliance with these legislative requirements remains essential to improving human resource capacity and ensuring sustainable service delivery.

3.4.2 Workplace Skills Plans

Municipalities are required, in terms of the Skills Development Act, to develop and review Workplace Skills Plans (WSPs) on an annual basis. These plans are informed by skills audits, personal development plans, and organisational needs identified through the Integrated Development Plan (IDP).

To meet this obligation, municipalities must submit WSPs and implementation reports to the Local Government SETA at the end of each financial year. The WSP functions as the primary planning instrument for workplace training, career development, and employment equity. It outlines the training priorities for the year together with the associated budget allocation.

Figure 3 indicates that 6 provinces reported on the submission of workplace skills plans by their municipalities. Those that reported show a high level of compliance in submission, with the Western Cape, KZN, Gauteng, Mpumalanga and Limpopo reporting submission rates of 100%. Free State reported a submission rate of 78%. Northern Cape, North West and Mpumalanga did not report on submission rates.

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Figure 3: % Submission of WSPs by municipalities

Figure 4 shows the number of employees trained in municipalities where that was reported. The same 6 provinces reported on this. All of them emphasised that despite the submission of workplace skills plans, employee training delivery numbers fall well below the desired target. Northern Cape, North West and Mpumalanga did not report on employee training numbers.

Figure 4: Employee Training Numbers

Source: Section 47 Reports from provinces 2023/2024

Table 6 below sets out some key comments reported by provinces in relation to skills development.

Table 6: Provincial Comments on Skills Development

Province	Findings
Eastern Cape	No report on submission of WSPs or employee training numbers. A provincial municipal skills audit was initiated for 22 municipalities, but as of February 2024 only three had completed it. The process was to be concluded by August 2024.
Free State	Reported that compliance is inconsistent, with training implemented in some cases but absent in others. A total of 2,068 employees were reported as trained in 2023/24 which represented about 50% of the target.
Gauteng	Noted a decline in training numbers and lack of detail on the type of training provided.
KwaZulu-Natal	Over 75% of municipalities claimed levies back in 2023/24. Municipalities are encouraged to spend their full WSP budgets on skills development and improve monitoring and alignment. Several municipalities reported employee training figures.
Limpopo	All municipalities submitted WSPs to LGSETA. Reported 3,201 employees trained in 2023/24, at a cost of R47.9 million. This was a decline from 3,620 employees trained in 2022/23, which cost R56.1 million.
Mpumalanga	Centralised all training into municipal WSPs to avoid duplication and budget dumping. Municipalities and stakeholders must integrate training programmes into WSPs before implementation. The province emphasised

Province	Findings
	ensuring training budgets are used strictly for that purpose.
Northern Cape	Listed WSPs and Annual Training Reports as statutory obligations but provided no quantitative data on employee training. Reporting focused on compliance requirements without detail on implementation.
Western Cape	Acknowledged declining training implementation despite WSP compliance. Reported that training expenditure fell to 0.5% of budgets in 2023/24 (down from 3% in prior years). Employee participation also declined.

Source: Section 47 Reports from provinces 2023/2024

3.5 PERFORMANCE MANAGEMENT AND COMPLIANCE

Performance management is a key tool for achieving developmental local government, as outlined in the Constitution. To effectively implement its Integrated Development Plan (IDP), each municipality must have a functional performance management system (PMS).

3.5.1 Performance management & compliance

Sections 38 and 40 of the Municipal Systems Act (MSA) place an obligation on municipalities to establish performance management systems that embed a culture of accountability and performance across both political and administrative structures. These systems must be aligned to the Integrated Development Plan (IDP), take into account available resources, and be responsive to the specific context of each municipality.

In terms of the MSA and the Municipal Planning and Performance Management Regulations (2001), municipalities are required to:

- Develop and maintain a performance management system
- Set performance targets, and monitor and review progress against IDP-linked indicators
- Incorporate an annual performance report into the municipal annual report, as required by the MFMA
- Include the general performance indicators prescribed by the Minister of Local Government
- Conduct regular internal audits of performance information
- Submit the annual performance report for audit by the Auditor-General
- Engage communities in the process of setting targets, indicators, and reviewing performance
- Compile an annual report that integrates the performance report, in line with legislative requirements.

The Municipal Performance Regulations (2006) further require that all section 57 managers (the municipal manager and managers directly accountable to the municipal manager) sign annual performance agreements within one month of the start of the financial year, by 31 July. Their performance must be assessed annually against agreed key performance indicators (KPIs) and targets that are aligned with the IDP. Performance bonuses are determined based on these assessments.

In practice, many municipalities continue to experience serious capacity constraints, particularly in human resources, financial management, and institutional systems. The nature of these challenges differs widely across municipalities, with rural municipalities typically more affected than urban ones. These weaknesses raise concerns about the ability of the local state to consistently deliver on its service delivery mandate. Reporting on the status of performance management remains inconsistent, with fragmented and incomplete data across provinces. The available information is summarised below. All 9 provinces reported 100% compliance in the submission of Council approved IDPs to the province.

Regarding the implementation of employee performance management systems, although formal frameworks are in place, their practical application is inconsistent. Evidence of performance reviews is uneven, and the availability of reliable data varies significantly across provinces. Table 7 provides details on each province's reported performance management framework, the signing of senior manager performance agreements, and the extent of performance review implementation.

Table 7: Level of adoption of organisational and individual performance management measures

<table>
<tr><th>Province</th><th>% of Municipalities with Employee Performance Management Framework</th><th>Number/% with Signed Senior Management Performance Agreements</th><th>Reporting on Employee Performance Reviews</th></tr>
<tr><td>Eastern Cape</td><td>100% Performance Management frameworks in place</td><td colspan="2">34% have fully implemented the PMS which would mean signed contracts and performance reviews conducted.
66% have a framework but only partially implemented. The report does not say of this what % or number of performance agreements are signed or reviews done.</td></tr>
<tr><td>Free State</td><td>PMS obligations noted, no data.</td><td>Not reported.</td><td>Not reported.</td></tr>
<tr><td>Gauteng</td><td>100% Performance Management frameworks in place</td><td>No aggregated figure reported.</td><td>Not reported.</td></tr>
<tr><td>KwaZulu-Natal</td><td>Compliance noted, no data.</td><td>Not reported.</td><td>Not reported.</td></tr>
<tr><td>Limpopo</td><td>16 (52%) municipalities cascaded PMS to staff below section 57.</td><td>12 (39%) municipalities had signed agreements for all senior managers</td><td>12 (39%) municipalities conducted reviews; 7 paid bonuses.</td></tr>
<tr><td>Mpumalanga</td><td>100% Performance Management frameworks in place</td><td>92 of 96 (96%) Section 54A and 56 had signed performance agreements</td><td>Not reported specifically but there is an audit of the PMS reported. Additionally all three districts report on extensive cascading of the performance management system in municipalities</td></tr>
<tr><td>Northern Cape</td><td>100% Performance Management frameworks in place</td><td>73 of 93 (78%) senior managers signed agreements.</td><td>Most municipalities have approved PMS policies, but implementation is weak due to poor controls and weak senior management oversight. Some municipalities only approved PMS policies after the reporting year, with progress tracked by the department."</td></tr>
<tr><td>North West</td><td>PMS linked to audit action plans, no %</td><td>Not reported.</td><td>Not reported.</td></tr>
</table>

Province	% of Municipalities with Employee Performance Management Framework	Number/% with Signed Senior Management Performance Agreements	Reporting on Employee Performance Reviews
	given.		
Western Cape	Oversight and governance emphasis.	153 senior manager agreements signed and 124 published on the website.	Indicated the system is functioning which implies reviews are being done but this is not quantified.

Source: Section 47 Reports from provinces 2023/2024

3.6 DISCIPLINARY PROCEDURES

Across the provinces, a recurring issue is the weak or uneven application of disciplinary processes in municipalities. Reports consistently point to non-adherence to disciplinary regulations, prolonged resolution of labour disputes, and insufficient accountability for officials implicated in irregular, fruitless, or wasteful spending. Although some provinces indicate that policies and oversight structures (such as fraud prevention strategies, ethics committees, and anti-corruption forums) are in place, the actual implementation of disciplinary actions remains limited. MECs have also expressed concern about municipalities failing to submit mandatory reports on disciplinary cases, prompting repeated calls for stronger oversight, accountability, and compliance with the Local Government Disciplinary Regulations for Senior Managers. Main trends identified across provinces include:

- **Poor enforcement:** Many municipalities fail to act on cases of misconduct or audit findings.
- **Delays in resolution:** Labour-related cases take an extended period to conclude.
- **Non-compliance with reporting:** Municipalities often neglect to submit quarterly disciplinary reports (e.g., Limpopo).
- **Weak implementation:** While policies on ethics and anti-corruption exist, their application and follow-up remain inadequate.
- **Need for accountability tools:** Provinces such as Mpumalanga recommend establishing structured consequence management systems to strengthen accountability.

Table 8: Provincial information on Disciplinary Measures

Province	Provincial Information
Eastern Cape	• Municipalities continue to incur unauthorised, irregular, fruitless and wasteful (UIFW) expenditure. • Cases are not followed up with disciplinary action. • Slow progress in finalising investigations results in repeated audit findings and fosters a culture of impunity.
Free State	• Many municipalities delay or completely fail to conclude UIFW investigations. • Expenditure is sometimes written off without any consequences for those responsible. • Reporting of cases to CoGTA and disciplinary boards is inconsistent or absent.
Gauteng	• Municipalities lack sufficient capacity to carry out investigations and enforce accountability. • Forensic units are marginalised, and anti-corruption strategies are poorly executed. • This increases the risk of UIFW not being addressed.

Province	Provincial Information
KwaZulu-Natal	• UIFW registers are often not submitted on time • Investigations are delayed and cases are written off without disciplinary steps. • Reporting to CoGTA and disciplinary structures is not done consistently.
Limpopo	• Persistent non-compliance with supply chain management rules. • Weak consequence management allows UIFW to continue unchecked. • Audit action plans are delayed or not fully implemented.
Mpumalanga	• Irregularities in supply chain management are closely linked to inadequate consequence management. • Failure to address these weaknesses undermines accountability. • Leads to repeat audit findings year after year.
Northern Cape	• Audit outcomes are regressing, tied directly to poor enforcement of consequence management. • UIFW expenditure persists because disciplinary measures are not applied.
North West	• The report emphasises the need for stricter enforcement of consequence management. • Municipalities are expected to implement UIFW reduction plans • MPAC must investigate cases, with outcomes referred to the Financial Misconduct Disciplinary Board for action.
Western Cape	• Governance systems are stronger than in most provinces, but weaknesses remain. • Delays in decision-making and inconsistent application of consequence management reduce effectiveness.

Source: Section 47 Reports from provinces 2023/2024

3.7 CHALLENGES – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Municipalities face persistent human resource and institutional challenges, particularly in rural areas. According to the Section 47 reports, these issues undermine governance, weaken service delivery, and limit municipalities' ability to meet legislative and developmental mandates.

3.7.1 Vacancy Rates

- Vacancy levels remain high across most municipalities.
- Many still exceed acceptable thresholds despite interventions.

3.7.2 Section 54 and 56 Positions

- Filling senior leadership positions remains a challenge.
- Fewer municipalities are achieving strong performance ratings.
- National support is required to address leadership gaps.
- Data on municipalities without appointed Municipal Managers is incomplete.

3.7.3 Employment Equity

- Employment Equity Plans lack measurable impact.
- Reporting is inconsistent and often incomplete.

- Female representation in senior management remains below target.
- Data on youth and persons with disabilities is frequently missing.
- Many municipalities fail to comply with reporting requirements.

3.7.4 Performance Management

- Most municipalities have approved IDPs and submit annual reports.
- Performance Management Systems are only partially implemented.
- Cascading PMS to lower levels is constrained by structural and staffing challenges.

3.7.5 Key Institutional and HR Challenges

- Workplace Skills Plans are adopted but poorly implemented.
- LGSETA grants are often diverted from training.
- HR plans are outdated or misaligned and not effectively implemented.
- Labour-related cases remain unresolved for long periods.
- Organisational structures are outdated despite departmental support.

4. BASIC SERVICE DELIVERY

4.1 INTRODUCTION

According to the Constitution of the Republic of South Africa (Part B of Schedules 4 and 5), municipalities hold responsibility for the provision and regulation of key public services and goods. A core set of essential services is mandated for all local authorities across the country. These include:

- Water and sanitation services (restricted to potable water supply, domestic wastewater, and sewage systems);
- Refuse removal and solid waste management; and
- Electricity and gas reticulation.

The *White Paper on Local Government* (1998) sets out principles that municipalities must apply in delivering these services. Municipal services are required to be:

Accessible, with communities guaranteed at least a minimum level of service as a constitutional obligation;

- Easy and convenient for users.
- As affordable as possible; and
- Of a predetermined standard, meaning services must be fit for purpose, delivered timeously, safe, and continuously available.

Further, Section 73 of the *Municipal Systems Act* (No. 32 of 2000, as amended) defines a “basic municipal service” as one that is necessary to ensure an acceptable and reasonable quality of life and, if not provided, would endanger public health, safety, or the environment. The Act also places explicit duties on municipalities to:

- Give priority to the needs of local communities.
- Promote local development; and
- Ensure all community members have access to at least a minimum level of basic services.

This section, therefore, focuses on the following areas of municipal service delivery:

- Access to basic services.
- Indigent policy management and the provision of free basic services; and

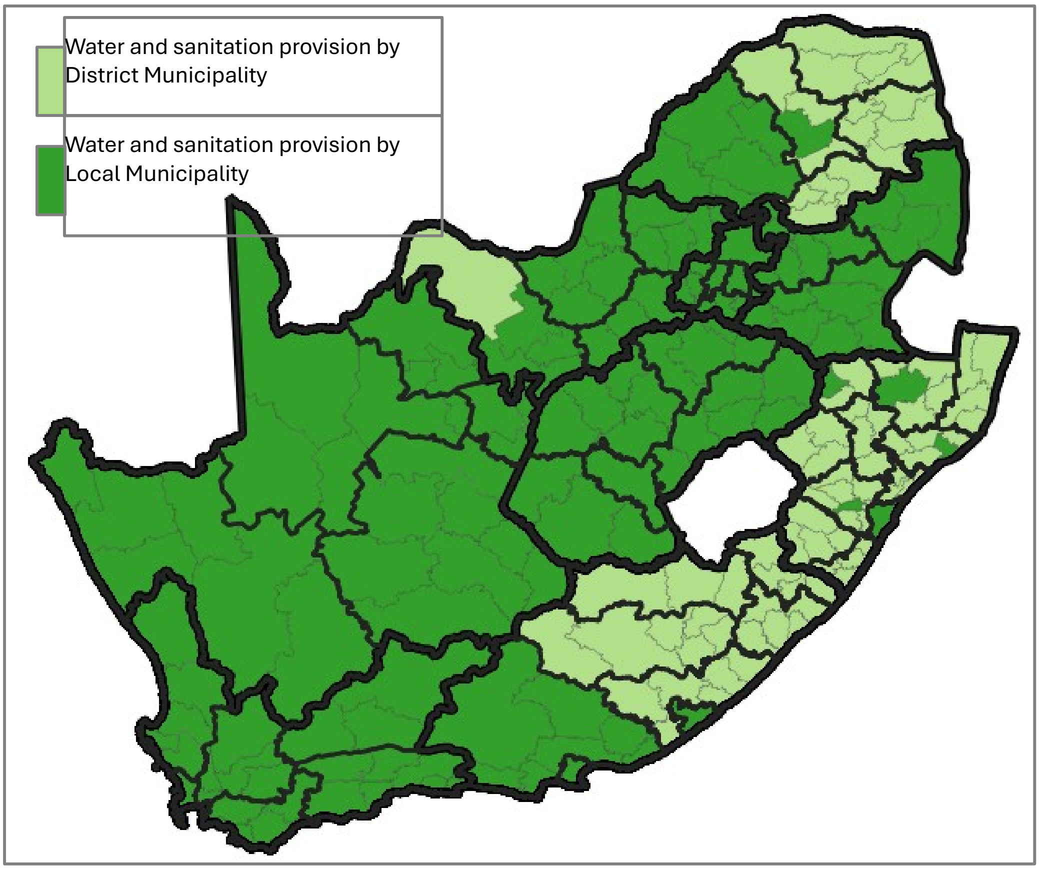
- Performance of the Municipal Infrastructure Grant (MIG).

4.2 WATER

According to Part B of schedule 4 of the Constitution, the provision of water services is a municipal responsibility. However, not all municipalities are authorised to provide water. The two-tiered local government system requires that powers and functions be divided between category B and C municipalities to avoid duplication and coordination problems. Authorisation is granted to all category A (metros) municipalities while category B (local) municipalities are authorised in certain instances and category C (district) municipalities in others.

In practice most local municipalities are responsible for water provision within their boundaries, however there are 80 municipalities across the Eastern Cape, KwaZulu-Natal, Limpopo and North West, where water is provided by the district municipality (see figure 7).

Figure 5: Municipalities that receive water and sanitation from local municipality or district municipality



Source: Statistics South Africa Non-financial municipal census, 2023

4.2.1 Access to water services

The National Development Plan (NDP) identifies universal access to clean running water in households as a key milestone for achieving its vision of eliminating poverty and reducing inequality by 2030. According to the Statistics South Africa General Household Survey of 2024 - An estimated 46,4% of households had access to piped water in their dwellings in 2024. A further

30,4% accessed water on-site while 8,8% relied on communal taps and 2,2% relied on a neighbours' tap. Although households' access to piped water improved over time, 2,3% of households used water from rivers, streams, stagnant water pools, dams, wells and springs in 2024.[5]

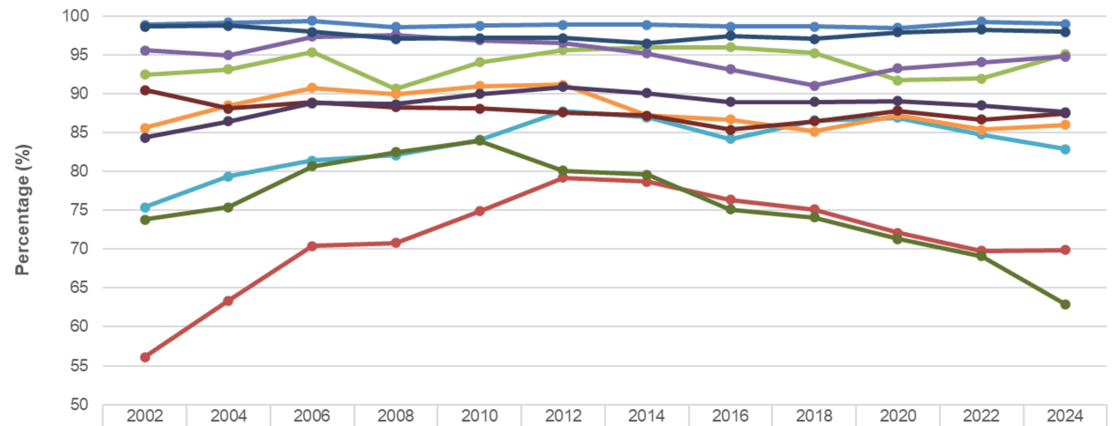
Although 88.5% of the population has access to basic water services, Figure 7 shows that access to tap water—whether inside dwellings, on-site, or off-site—is highest in the Western Cape (99,0%), Gauteng (98,0%), and Northern Cape (95,1%), while it is lowest in Limpopo (62,9%) and the Eastern Cape (69,9%).

Trends over time reveal mixed progress. In the Eastern Cape, access increased by 23,1% between 2002 and 2012, but subsequently declined by 9,3% to reach 69,9% in 2024. Limpopo followed a similar trajectory, rising from 73,8% in 2002 to 84,0% in 2010, before falling sharply to 62,9% in 2024—more than 10% lower than the level recorded two decades earlier. By contrast, KwaZulu-Natal recorded an improvement of 7,5% over the same period, reaching 82,9% in 2024.

Nationally, access to tap water improved modestly by 3,3% between 2002 and 2024. However, four provinces experienced declines: Limpopo (-10,9%), Mpumalanga (-3,0%), Free State (-0,8%), and Gauteng (-0,7%).

It is important to note that despite these percentage declines, the absolute number of households receiving tap water in 2024 was greater than in 2002, reflecting both population growth and the expansion of service delivery.

Figure 6:: Percentage (%) distribution of households with access to piped or tap water in their dwellings, off-site or on-site by province, selected years 2002–2024



	2002	2004	2006	2008	2010	2012	2014	2016	2018	2020	2022	2024
WC	98,9	99,2	99,4	98,6	98,8	98,9	98,9	98,7	98,7	98,5	99,3	99,0
EC	56,1	63,4	70,4	70,8	74,9	79,2	78,7	76,4	75,1	72,1	69,8	69,9
NC	92,5	93,2	95,4	90,7	94,1	95,7	96,0	96,0	95,3	91,8	92,0	95,1
FS	95,6	95,0	97,4	97,6	96,9	96,6	95,2	93,2	91,1	93,3	94,1	94,8
KZN	75,4	79,4	81,4	82,1	84,1	87,8	87,0	84,2	86,6	86,9	84,8	82,9
NW	85,6	88,5	90,8	90,0	91,0	91,2	87,2	86,7	85,2	87,3	85,4	86,0
GP	98,7	98,8	98,0	97,1	97,2	97,2	96,5	97,5	97,1	98,0	98,3	98,0
MP	90,5	88,1	88,9	88,3	88,1	87,6	87,2	85,4	86,5	87,9	86,7	87,5
LP	73,8	75,4	80,7	82,5	84,0	80,1	79,6	75,1	74,1	71,3	69,1	62,9
RSA	84,4	86,5	88,8	88,7	90,0	90,9	90,1	89,0	89,0	89,1	88,5	87,7

Source: Statistics South Africa General Household Survey 2024

[5] Statistics South Africa, Statistical Release P0318, General Household Survey 2024.

The Section 47 reports provide additional municipal-level insights on access to water, which are set out below.

Table 9: Additional insights on municipal services provided by provinces

Province	Provincial Information
Eastern Cape	• Provincial average was not reported in the Section 47 report • Performance is measured by households with water above minimum service level (piped water in dwellings, yards, or taps within 200m) and on a rating scale from excellent-to-disclaimer • Fourteen municipalities were assessed, as not all are water service providers. Provincial performance improved slightly compared to the previous year. o Excellent performance: 3 municipalities (Nelson Mandela Bay Metro, Buffalo City Metro, Chris Hani DM). o Very good performance: 2 municipalities (Alfred Nzo DM, Joe Gqabi DM). o Good performance: none. o Weak performance: OR Tambo DM. • Disclaimer (where no data was provided): 6 municipalities (Dr Beyers Naudé, Kouga, Koukamma, Makana, Ndlambe, Sundays River).
Free State	• Provincial average was not reported in the Section 47 report. • The province shows high coverage of piped water, with many municipalities reporting tens of thousands of households served. Some municipalities have over 100,000 households with piped water inside dwellings. • Despite broad coverage, some households still lack access, particularly in rural areas relying on public taps or distant water sources. • Challenges include water losses, poor water quality monitoring, and non-functional infrastructure. • Urban areas enjoy better access, while rural communities remain more vulnerable.
Gauteng	• Most municipalities report near 100% water access, except City of Tshwane at 62%. • Tshwane's underperformance is due to delays in commissioning the Refilwe reservoir, linked to shortages of electrical stock. Corrective measures include issuing job cards and commencing water meter installations.
KwaZulu-Natal	• Provincial average was not reported in the Section 47 report. • Water and sanitation programmes aim to address historic backlogs. • New connections include piped water inside dwellings, yards, and community standpipes within 200m. • All listed municipalities are Water Services Authorities responsible for service provision. • In 2023/24, Harry Gwala and uThukela Districts reported no new water connections. • The report provides connection counts but not provincial percentage coverage.
Limpopo	• 1,439,405 households (79.5%) have access to safe drinking water • 372,160 households (20.5%) still lack access
Mpumalanga	• The following district analysis was provided: o Ehlanzeni: 456,012 of 560,369 households (81.4%) have water access; coverage declined due to illegal connections and population growth.

Province	Provincial Information
	○ Gert Sibande: 355,466 of 378,182 households (94%) have access; coverage dipped slightly but remains high. ○ Nkangala: 424,704 of 483,168 households (87.9%) have access; coverage dropped from 97.6% due to growth and supply constraints. Sanitation coverage remains high across all districts, mostly above 90%, though slight declines are linked to population increases
Northern Cape	• Provincial average was not reported in the Section 47 report. The report lists in each municipality per district the following: (tap water in a dwelling, tap water in a yard, no access to tap water. Their numbers are taken primarily from the DWS National Integrated Water Information System of 2022, thus the provincial figure in 7 is more up to date. • Water scarcity has been identified in some areas of the province. Water plays a critical role in poverty alleviation and people's constitutional right to have reliable access to safe drinking water. • The water backlogs must be addressed through a combination of short- and long-term interventions. While there has been an investment in water schemes to assure water supply, there is a need to strengthen focus on water conversation and water demand management. • A major source of water loss is ageing infrastructure exacerbated by poor operations and maintenance at municipal level. • The Water Services Infrastructure Grant (WSIG) supports municipalities in reducing backlogs, especially in rural areas. • In 2023/24, R330.8 million was allocated, later reduced; final receipts totaled R339.4 million including allocations-in-kind
North West	• Provincial average water access is 78% • Access to water remains challenged by heavy reliance on boreholes with low yields and frequent failures. • Ageing and failing infrastructure lead to constant breakdowns and inefficiency. • Bulk water supply and storage are inadequate, with projects often delayed. High water losses occur from leaks, faulty equipment, and illegal connections. • Preventative maintenance is limited; response is often slow due to shortages of staff and resources. • Water quality management is weak, with many municipalities not meeting standards. • Inequality persists between urban and rural areas, with rural areas relying on less reliable services. • Load shedding disrupts pumping and treatment due to lack of backup generators. • Institutional weaknesses include poor coordination, outdated plans, and inadequate bylaws.
Western Cape	• Provincial average water access is 99%, with most municipalities reporting 100% coverage. • Municipalities such as Cederberg (86%), Stellenbosch (86%), Swartland (93%), and Kannaland (96%) are below average. • Factors affecting service include land invasions, rapid urbanisation, infrastructure vandalism, illegal connections, and immigration.

Province	Provincial Information
	• Overall, the province performs strongly, though some municipalities still require targeted support.

Source: Provincial Section 47 Reports 2023/2024

4.2.2 Service Reliability

4.2.2.1 Water Losses

South Africa experiences some of the highest levels of water losses globally, with a national average estimated at 41.7%[6]. In effect, nearly half of all treated water either fails to reach end users or goes unbilled. This results in significant annual revenue shortfalls for municipalities, undermining their financial stability. Water losses stem from a combination of structural, operational, and governance challenges:

- **Ageing Infrastructure**: Deteriorating pipelines, valves, and bulk supply systems frequently burst or collapse. These failures reflect decades of inadequate maintenance, refurbishment, and renewal.
- **Theft and Vandalism**: Illegal connections, tampering with pipelines, theft of equipment at pumping stations, and unauthorised consumption significantly increase both physical and non-revenue water losses.
- **Administrative and Technical Weaknesses**: Problems include inaccurate billing systems, faulty or bypassed meters, poor data management, and the absence of comprehensive water loss control strategies or master plans.
- **Budgetary and Capacity Constraints**: Most municipalities spend far below the recommended 8% of their budgets on maintenance. Limited technical expertise and weak planning capacity further reduce their ability to undertake timely repairs, leak detection, and preventative interventions.

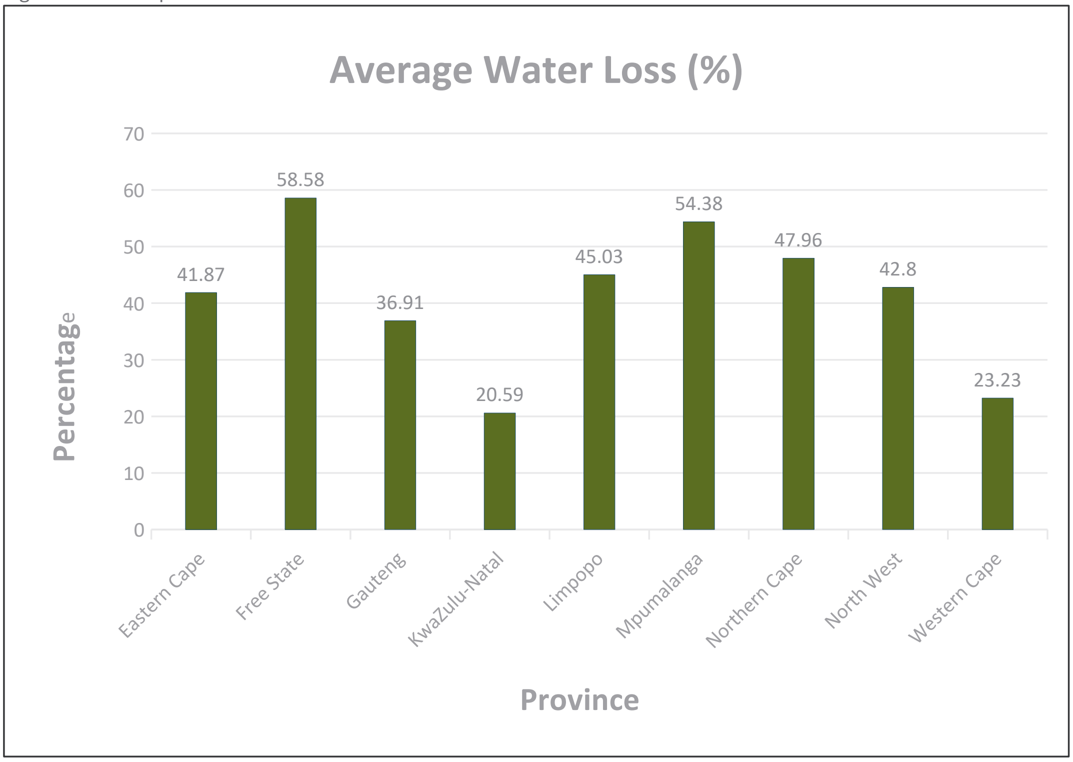
The consequences of high-water losses are wide-ranging:

- Severe revenue shortfalls and weakened municipal cash flows.
- Increased bulk water purchase costs that strain budgets.
- Reduced capacity to maintain service quality, affecting communities.
- Greater pressure on water resources, especially in water-scarce provinces such as the Northern Cape.

High levels of water loss are symptomatic of deeper structural, operational, financial, and governance weaknesses within the municipal water sector. South Africa's water loss challenge is multifaceted, reflecting decades of underinvestment, weak institutional capacity, and systemic inefficiencies. Addressing the issue requires coordinated action, including infrastructure renewal, stronger governance, improved technical systems, and sufficient budget allocations for maintenance and water loss control.

[6] Statistics South Africa General Household Survey 2024

Figure 7: DWS Report on Water Losses for 2024



Source: DWS National Water Services Knowledge System 2024

Six provinces provided data on water losses in their Section 47 reports. Table 10 below summarises some of the key information that was reported.

Table 10: Water Losses / Provincial Information

Province	Report Content on Water Losses
Free State	• Data reporting is uneven across municipalities. • Some report Rand and kL (e.g., Letsemeng: R2,209,761; 3,399,633 kL), others give % losses (e.g., Tswelopele: 10.1%), • Smaller municipalities face significant water losses, while under-reporting is evident in major centres.
Gauteng	• Extremely high losses in some municipalities (e.g., Emfuleni >60%, Rand West ~54%). • Certain municipalities (Emfuleni, Mogale) show worsening year-on-year losses. Larger metros also face high Rand-value losses, but smaller municipalities often present higher percentages. • Losses remain systemic with clear fiscal impacts.
KwaZulu-Natal	• Variation across municipalities, with both technical (leaks, bursts) and non-technical (illegal connections, vandalism) drivers. Rand values highlight direct fiscal impacts.
Northern Cape	• Water losses pose a major threat to municipal financial sustainability. • Losses include both real (leakages) and apparent (billing inaccuracies, illegal connections) components. • Water loss control and efficiency measures yield better returns than supply-side interventions, highlighting the strategic importance of demand management in the water-scarce province.
North West	• Wide spread non-revenue water, e.g. Maquassi Hills (40%) • Causes include leaks, ageing infrastructure, and illegal connections. • Tswaing is noted for severe shortages and no water loss control. Other municipalities (Ratlou, Kagisano Molopo) face compounded water challenges. Capacity and funding constraints limit responses.
Western Cape	• High levels of non-revenue water is a general challenge, but no figures provided. • Non-revenue water linked to ageing infrastructure and maintenance deficits. Municipalities that invested in infrastructure planning manage better, while others struggle.

Source: Provincial Section 47 Reports 2023/2024

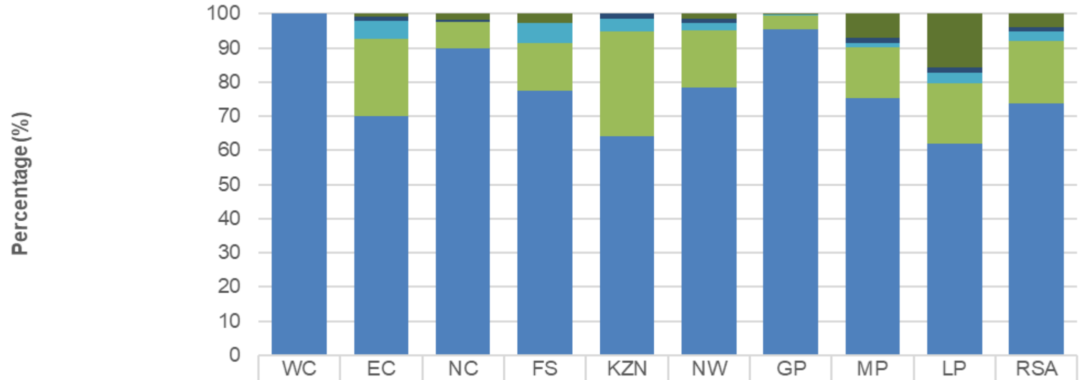
4.2.3 Water Interruptions

The factors that contribute to South Africa's high levels of water losses are also responsible for the frequency and length of water interruptions in many communities. These interruptions are not only disruptive to daily life but also fuel social tensions, with some areas experiencing consecutive days or even weeks without water supply. The effects are severe: community protests and non-payment for services have increased, reliance on emergency measures such as water tankers and Jojo tanks has grown, and municipalities face mounting financial pressure due to the high costs of providing emergency supply. The Section 47 reports do not cover information on water interruptions.

Figure 9 shows that according to the Statistics South Africa General Household Survey of 2024, 55,2% of households in South Africa experienced water interruptions in 2024. Weekly water interruptions were most common in Mpumalanga (39,4%), KwaZulu-Natal (28,5%) and Limpopo (26,0%) and least common in Western Cape (0,8%). Only 3,2% of the households experienced water interruptions only once in the past 12 months.

Figure 8:% distribution of households that reported water interruptions that lasted at least 2 days

Source: Statistics South Africa General Household Survey 2024



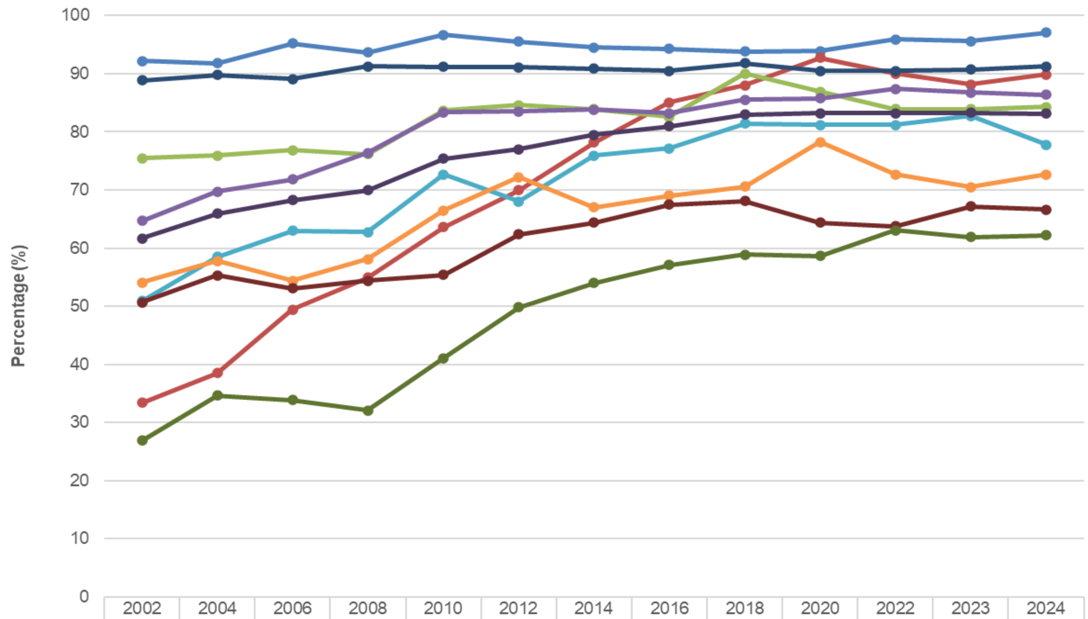
	WC	EC	NC	FS	KZN	NW	GP	MP	LP	RSA
Members do not collect	0,0	0,8	1,7	2,6	0,1	1,6	0,3	7,1	15,6	4,0
More than 90 minutes	0,0	1,4	0,6	0,0	1,3	1,2	0,0	1,6	1,8	1,2
61-90 minutes	0,0	5,2	0,0	5,9	3,8	2,2	0,2	1,2	3,1	2,8
31-60 minutes	0,0	22,7	7,8	14,0	30,6	16,6	3,9	14,6	17,5	18,4
Less than 30 minutes	100,0	70,0	89,9	77,5	64,2	78,5	95,6	75,4	62,0	73,7

4.3 SANITATION

Just as municipalities are responsible for ensuring access to safe water, they also carry the critical mandate of providing wastewater and sanitation services within their boundaries. The National Development Plan commits South Africa to achieving universal access to affordable, reliable, and hygienic sanitation by 2030. In line with the National Sanitation Policy of 2016, a basic sanitation facility must be safe—particularly for children—private, ventilated, easy to clean, and effective in preventing the spread of disease. Beyond infrastructure, sanitation requires a strong focus on environmental sustainability, proper operation and maintenance, and continuous hygiene education, reinforced through community-level monitoring. Together, these elements ensure that sanitation services not only meet immediate household needs but also protect public health and the environment over the long term.

In the Statistics South Africa General Household Survey of 2024, improved sanitation is defined as flush toilets connected to a public sewerage system or a septic tank - or a pit toilet with a ventilation pipe. Data from this report shows, in figure 9, the percentage of households per province that had access to improved sanitation facilities. Nationally, the percentage of households with access to improved sanitation increased from 61,7% in 2002 to 83,1% in 2024. Households' access to improved sanitation was highest in Western Cape (97,1%), Gauteng (91,3%) and Eastern Cape (89,9%), and most limited in Limpopo (62,2%) and Mpumalanga (66,6%). In the Eastern Cape, households' access to improved sanitation facilities increased by 56,5% between 2002 and 2024, growing from 33,4% to 89,9%. Similarly, the percentage of households with access to improved sanitation increased by 35,3% in Limpopo, and 26,9% in KwaZulu-Natal over the same period.

Figure 9: Percentage (%) distribution of households that have access to improved sanitation by province, 2002–2024



	2002	2004	2006	2008	2010	2012	2014	2016	2018	2020	2022	2023	2024
WC	92,2	91,8	95,2	93,7	96,7	95,5	94,5	94,3	93,8	93,9	95,9	95,6	97,1
EC	33,4	38,5	49,4	54,9	63,6	70,0	78,2	85,1	88,0	92,7	90,0	88,1	89,9
NC	75,5	75,9	76,9	76,2	83,7	84,6	83,9	82,6	90,0	86,9	83,9	83,9	84,3
FS	64,7	69,7	71,8	76,4	83,4	83,5	83,8	83,2	85,5	85,8	87,4	86,8	86,4
KZN	50,9	58,5	63,0	62,8	72,7	68,0	75,9	77,2	81,4	81,2	81,2	82,7	77,8
NW	54,1	57,8	54,4	58,1	66,5	72,2	67,0	69,0	70,6	78,3	72,7	70,5	72,7
GP	88,9	89,8	89,1	91,3	91,2	91,1	90,9	90,5	91,8	90,5	90,5	90,7	91,3
MP	50,7	55,3	53,1	54,4	55,4	62,4	64,4	67,5	68,1	64,4	63,8	67,2	66,6
LP	26,9	34,6	33,9	32,1	41,1	49,8	54,0	57,1	58,9	58,7	63,1	61,9	62,2
RSA	61,7	65,9	68,3	70,0	75,4	77,0	79,5	81,0	83,0	83,2	83,2	83,3	83,1

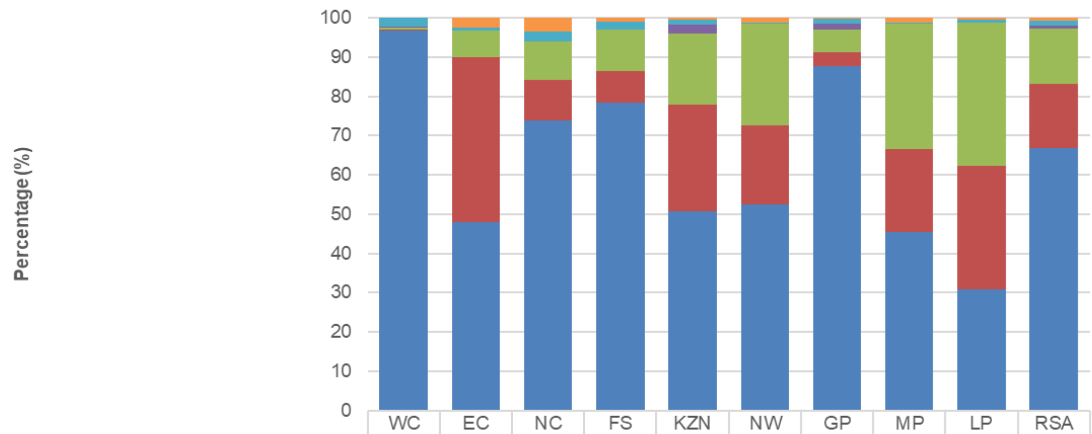
Source: Statistics South Africa General Household Survey 2024

According to the Statistics South Africa General Household Survey 2024, much of the improvement observed in Eastern Cape since 2002 is due to the installation of Ventilated Pit (VIP) toilets. The distribution of different sanitation options by province in 2024 is presented in Figure 10. Nationally, almost two-thirds (66,7%) of households used flush toilets that were either connected to a public sewerage system or a septic or conservancy tanks, while another 16,3% used pit toilets that are connected to ventilation pipes. Households that did not have access to improved sanitation facilities largely depended on pit toilets without ventilation pipes (14,1%).

The use of flush toilets was most common in Western Cape (96,7%), Gauteng (87,8%) and Free State (78,4%). About one-third (30,7%) of households in Limpopo used some type of flush toilet, while another 31,5% used ventilated pit toilets. The largest percentage of pit toilets with ventilation pipes were observed in Eastern Cape (42,0%), Limpopo (31,5%) and KwaZulu-Natal (27,0%).

In the absence of flush toilets, 68,0% of households in Limpopo used pit latrines, the majority without ventilation pipes. Almost one-third (31,9%) of households in Mpumalanga and 25,8% of households in North West used pit toilets without ventilation pipes.

Figure 10: Percentage (%) distribution of households by type of toilet facility and province, 2024



	WC	EC	NC	FS	KZN	NW	GP	MP	LP	RSA
None	0,0	2,4	3,6	0,9	0,6	1,3	0,1	1,2	0,6	0,7
Other	2,2	0,9	2,5	2,0	1,2	0,2	1,4	0,3	0,6	1,2
Chemical toilet	0,4	0,1	0,0	0,2	2,2	0,0	1,5	0,1	0,1	0,9
Pit latrine/toilet without ventilation pipe	0,3	6,8	9,6	10,5	18,3	25,8	5,6	31,9	36,5	14,1
Pit latrine/toilet with ventilation pipe	0,4	42,0	10,5	8,0	27,0	20,2	3,5	21,3	31,5	16,3
Flush toilets	96,7	47,9	73,8	78,4	50,8	52,5	87,8	45,3	30,7	66,7

Source: Statistics South Africa General Household Survey 2024

Additional information on sanitation provided in the Section 47 reports is provided in table 11 below.

Table 11: Provincial Information on Sanitation Access

Province	Information
Eastern Cape	• The Eastern Cape report on sanitation for 2023/24 uses the same performance categories as water access (excellent, very good, good, weak, and disclaimer) and assesses municipalities based on their ability to provide adequate sanitation services. • 14 municipalities were assessed, as not all are sanitation service authorities and providers. • Provincial performance shows only slight improvement compared to the previous year, with notable gaps in reporting: o Excellent performance (90%+ of targets achieved): 3 municipalities – Nelson Mandela Bay Metro, Buffalo City Metro, and Chris Hani District Municipality. o Very good performance (70–89%): 2 municipalities – Alfred Nzo DM and Joe Gqabi DM. o Good performance (50–69%): None. o Weak performance (less than 50%): OR Tambo DM. o Disclaimer (no information provided): 6 municipalities – Dr Beyers Naudé LM, Kouga LM, Koukamma LM, Makana LM, Ndlambe LM, and Sundays River LM
Free State	• In the Free State, urban households largely have access to flush toilets linked to public sewerage systems or septic tanks. In some municipalities, more than

Province	Information
	30,000 households are reported as having flush toilets. • Backlogs remain, especially in rural areas, where pit latrines, chemical toilets, and even bucket toilets are still in use, either serviced by municipalities or emptied by households. • The bucket system persists: one municipality recorded over 2,500 households still relying on it. • Quality and sustainability are concerns, with reports of poorly maintained or overloaded sewer networks and households forced to empty toilets themselves due to municipal failures. • As with water, rural areas are hardest hit, and in some municipalities hundreds of households still lack any formal sanitation facility, depending on unsafe alternatives.
Gauteng	Sanitation Access: Province-wide access is nearly universal, except in Tshwane (80%) and Ekurhuleni (62%). In 2023/24, municipalities made progress, but results varied widely across metros and local municipalities. *Metropolitan Municipalities:* • *Johannesburg*: Met its sanitation targets, though delays in Crosby informal settlement arose from project scope and contractor issues. Joburg Water plan upgrades in four more informal settlements in 2024/25. • *Tshwane*: Reached only 80% of targets due to procurement delays, financial constraints, and staff shortages. Only 120 formal households received new flush toilets in 2023/24. • *Ekurhuleni*: Provides bulk wastewater services to 3.5 million residents and 2,000 industries but fell short of targets. Challenges included inadequate chemical toilets in informal settlements, unsustainable costs of formal systems, and rising demand from rapid growth. *Local Municipalities:* • *Rand West City*: Informal settlements rely on VIPs; a service provider was appointed for plant maintenance, and sewer networks were extended in Mohlakeng Extension 5. • *Mogale City*: Provides a mix of flush, septic, chemical toilets, and VIPs. Chemical toilets are serviced fortnightly. Invested R42.8 million in refurbishing the Flip Human WWTW. • *Merafong City*: Four of five treatment works are noncompliant, with three under refurbishment. • *Lesedi*: Reticulated 1,880 new stands in Impumelelo Extension and Obed Nkosi to meet growth and health needs. • *Midvaal*: Treated 819,000 m^3 of wastewater across three plants. • *Emfuleni*: Faces severe infrastructure collapse, sewage spills, and Vaal River pollution. Interventions include unblocking sewers, bio-solid management, and upgrading Sebokeng WWTW (+50 ML capacity). Plans with Rand Water for a Special-Purpose Vehicle in 2024 aim to stabilise services. Provincially, Access is expanding, especially in metros and better-performing locals, through new sewer connections and refurbishments. Backlogs remain in informal settlements, where sanitation relies on costly or poorly serviced chemical and VIP toilets. Compliance is mixed: some municipalities upgraded plants, while others still run noncompliant systems, creating environmental and health risks. Infrastructure remains a challenge, with aging, overloaded, or decaying systems.

Province	Information
	Financial and governance constraints—procurement delays, budget limits, and skills shortages—slow progress. The province shows a dual picture: steady gains in municipalities investing in infrastructure versus systemic failures in crisis areas like Emfuleni.
KwaZulu Natal	• A basic services development programme was initiated in 1994 (aimed at addressing historic water and sanitation backlogs) • Legacy of separate development left many areas without sanitation (municipalities required to expand provision to all residents) • New sewer connections include (flush toilets linked to sewer/septic, VIP toilets (Ventilated Improved Pit), communal facilities meeting basic standards) • All listed municipalities are Water Services Authorities (responsible for ensuring sanitation expansion) • 2023/2024 performance (Harry Gwala – none; Newcastle – none; uThukela – 2,000 VIP toilets (Ventilated Improved Pit), no water connections; others – mixed numbers of individual/communal connections) • Report tracks new connection counts (not overall provincial sanitation access percentages)
Limpopo	A total of 1 049 115 (57.9%) households used pit latrines/toilets/pit as a main type of toilet facility and a total of 37 164 (35.2%) households used flush toilets connected to a public sewerage system.
Mpumalanga	The following district access to sanitation figures shows strong provision: • Ehlanzeni 95% • Gert Sibande 95.3% • Nkangala 96.8%
Northern Cape	In the Northern Cape, across the 5 districts, 85% of households have access to the minimum service level and above (being flush toilet – connected to sewerage or septic tank, chemical toilet, pit or other toilet with ventilation). 15% still rely below the minimum level on (pit toilet without ventilation, bucket toilet, or nothing)
North West	Challenges reported: • Aging and inadequate sewer infrastructure (Outdated systems, weak pipes, frequent leaks, some areas still rely on pit latrines/septic tanks) • Overburdened wastewater treatment plants (Operating beyond capacity, biological/hydraulic overload, sludge buildup, neglected ponds) • Inadequate services in rural and informal areas (Reliance on pit latrines, bucket systems, overused septic tanks, too few vacuum trucks) • Misuse and vandalism (Foreign objects blocking sewers, open or vandalised manholes creating risks) • Poor maintenance and equipment shortages (Lack of jetting machines and vehicles, limited fleet causing delays and backlogs) • Weak institutional capacity and funding gaps (Shortage of skilled staff, inadequate budgets for upgrades and operations)
Western Cape	96% - Access is similarly strong, averaging 96% across the province. Municipalities like Cederberg (76%), Cape Agulhas (92%), and Knysna (90%) reported lower figures, while others, including Matzikama, Bergrivier, Saldanha Bay, Witzenberg, Breede Valley, Overstrand, and Laingsburg, achieved 100% access.

Source: Section 47 Report 2023/2024

4.4 ELECTRICITY

In terms of Part B of Schedule 4 of the Constitution, municipalities are assigned responsibility for electricity reticulation. In reality, though, not every municipality is authorised to perform this role due to variations in their capacity and resources. The legal framework makes a distinction between being the authority and being a service provider. To operate as a provider, a municipality must hold a distribution licence, which comes with specific compliance requirements.

Metropolitan municipalities are generally licensed to distribute electricity across their jurisdictions. Outside of metropolitan areas, however, only some local municipalities have obtained the necessary authorisation and licences. Of South Africa's 228 local municipalities, 165 currently hold distribution licences, while the remainder depend entirely on Eskom. Even in municipalities with licences, Eskom continues to supply electricity in certain parts of their territories.

Nationally, municipalities distribute approximately 40% of electricity, serving mainly households and small businesses. Eskom accounts for the remaining 60%, supplying large industrial consumers and areas where municipal networks are not in place. This dual arrangement reflects the practical realities of the sector: while most municipalities provide electricity directly, Eskom remains the main distributor in rural areas across nearly all provinces.

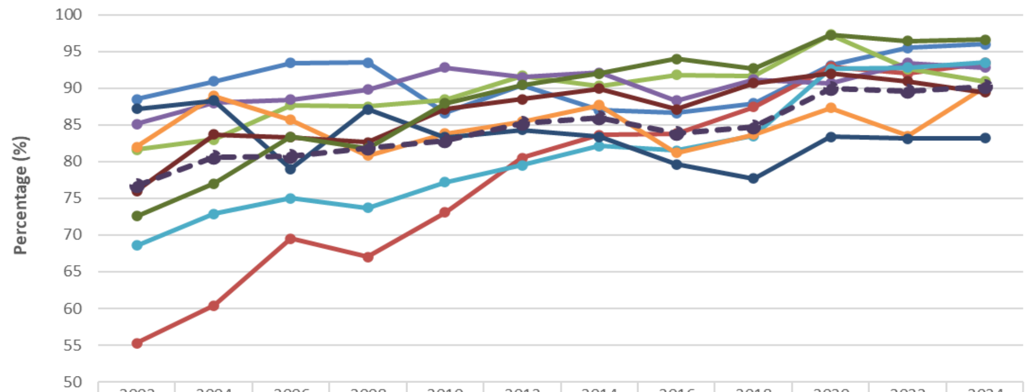
The share of South African households connected to the mains electricity supply grew substantially, rising from 76,7% in 2002 to 90,2% in 2024. Figure 12 shows that households with access to mains electricity were most common in Limpopo (96,6%), Western Cape (96,0%), KwaZulu-Natal (93,5%) and Eastern Cape (93,4%), and least common in Gauteng (83,2%) and Mpumalanga (89,4%).[7]

Between 2002 and 2024, the most significant improvements occurred in the Eastern Cape (+38%), KwaZulu-Natal (+24,9 %), and Limpopo (+24%). In Gauteng, however, the percentage of households with mains electricity fell by 4% over the same period, a trend linked to the province's rapid population in-migration and corresponding growth in the number of households. Mains electricity refers to supply provided by municipalities or Eskom, and excludes electricity generated from sources such as private generators or solar panels.

[7] Statistics South Africa General Household Survey, pp 41

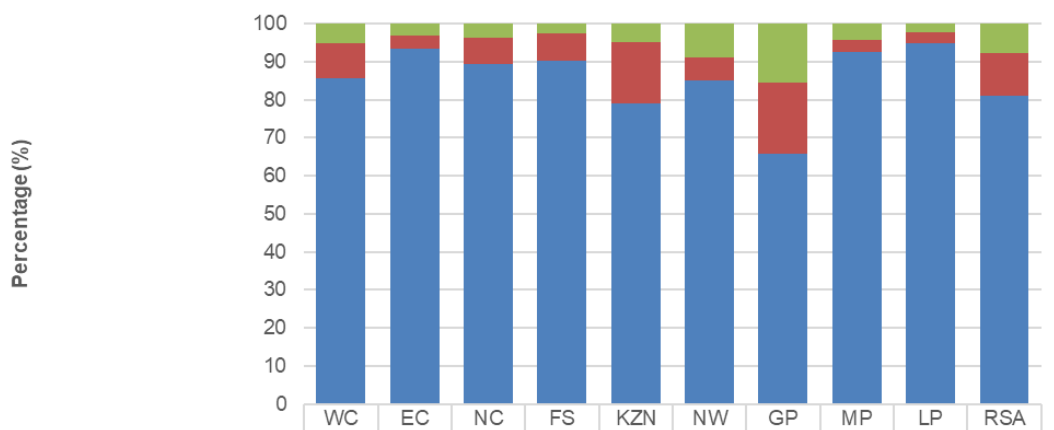
Figure 11: Percentage (%) distribution of households connected to the mains electricity supply by province

Source: Statistics South Africa General Household Survey 2024



	2002	2004	2006	2008	2010	2012	2014	2016	2018	2020	2022	2024
WC	88,5	90,9	93,4	93,5	86,6	90,4	87,0	86,6	87,9	93,1	95,5	96,0
EC	55,3	60,4	69,5	67,0	73,1	80,5	83,6	83,8	87,4	92,9	92,0	93,4
NC	81,6	83,0	87,7	87,5	88,4	91,7	90,3	91,8	91,7	97,3	92,6	90,9
FS	85,1	88,0	88,4	89,8	92,8	91,5	92,1	88,3	91,2	90,7	93,4	92,8
KZN	68,6	72,9	75,0	73,7	77,2	79,5	82,1	81,5	83,5	92,6	92,8	93,5
NW	82,0	88,9	85,7	80,8	83,8	85,4	87,7	81,2	83,7	87,3	83,5	90,1
GP	87,2	88,3	79,0	87,1	83,3	84,3	83,4	79,6	77,7	83,4	83,1	83,2
MP	76,0	83,7	83,3	82,6	87,1	88,5	89,9	87,1	90,7	92,0	90,9	89,4
LP	72,6	77,0	83,4	81,8	87,9	90,4	92,0	94,0	92,7	97,2	96,4	96,6
RSA	76,7	80,6	80,7	81,9	82,8	85,2	85,9	83,9	84,7	90,0	89,6	90,2

Figure 12: Percentage (%) distribution of households connected to different sources of electricity by province, 2024



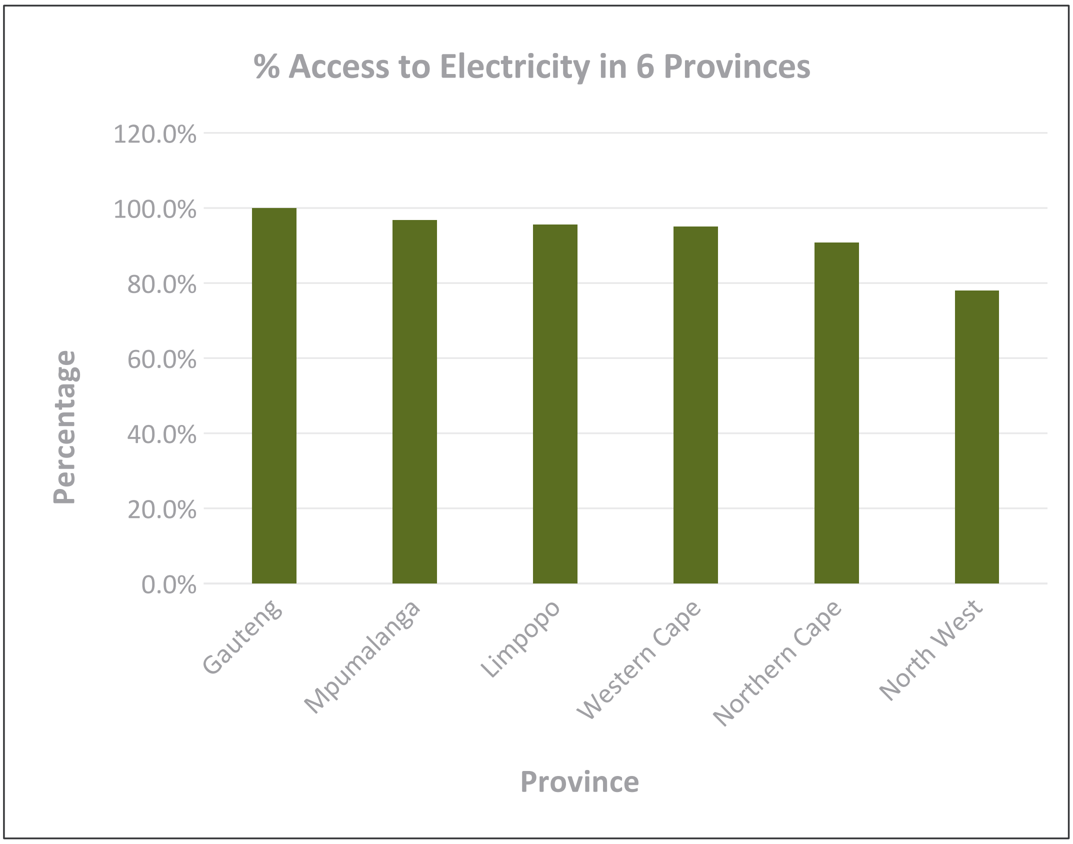
	WC	EC	NC	FS	KZN	NW	GP	MP	LP	RSA
Other	5,2	3,1	3,6	2,4	4,9	8,8	15,4	4,4	2,3	7,7
In-house conventional meter	9,2	3,6	7,0	7,5	16,1	6,2	18,8	3,0	2,7	11,3
In-house pre-paid meter	85,7	93,3	89,4	90,1	79,1	85,0	65,8	92,6	95,0	81,0

Source: Statistics South Africa General Household Survey 2024

Figure 12 above shows that 81% of South African households used electricity from pre-paid meters, while 11,3% were still billed using a conventional meter. A large percentage (7,7%) of households obtained electricity from other sources (e.g. neighbour or landlord). This figure was particularly large in Gauteng (15,4%). The use of conventional meters was the highest in Gauteng (18,8%) and KwaZulu-Natal (16,1%).

The Statistics South Africa General Household Survey for 2024 shared that the main sources of energy used by households for cooking during the period 2002 to 2024 are presented in Figure 14. The figure shows that the percentage of households that used electricity for cooking increased from 57,5% in 2002 to 77,3% in 2024. This increase was accompanied by an increase in the percentage of households that used alternative sources of electricity, such as generators. This form of energy for cooking increased from 1,2% in 2014 to 4,5% in 2024. The percentage of households that used gas (mostly standard LPG - Liquefied Petroleum Gas) also increased, rising from 2,2% in 2002 to 7,2% in 2024. The use of paraffin, coal and firewood declined notably since 2002. The percentage of households that used paraffin declined from 16,1% in 2002 to 2,2% in 2024, while the percentage of households that used firewood decreased from 20,0% in 2002 to 7,7% in 2024.

Figure 13: % average access to electricity in GP, LP, MP, NC, NW, WC



Source: Section 47 Report 2023/2024

The Section 47 reports provide additional municipal-level insights for the Eastern Cape, Free State and KwaZulu Natal that did not report provincial access figures.

Province	Insights
Eastern Cape	• The Eastern Cape report on electricity for 2023/24 uses the same performance categories as water access (excellent, very good, good, weak, and disclaimer) and assesses municipalities based on their ability to provide adequate sanitation services. • A provincial access percentage is not provided.

Province	Insights
	• According to the rating scale, the share of municipalities rated "excellent" increased from 50% (previous year) to 62% (current year). • Two municipalities, Enoch Mgijima LM, Intsika Yethu LM, were rated "weak" • 10 municipalities (31%) received disclaimers for not providing information.
Free State	***Losses*** • A minority of the 23 municipalities provided usable data, while many entries were marked as "information not provided" or "AR not tabled." Those that reported figures or commentary include Mangaung Metro, Letsemeng LM, Tokologo LM, Tswelopele LM, Setsoto LM, Phumelela LM, Moqhaka LM, Ngwathe LM, and Metsimaholo LM. • The worst cases include Ngwathe LM with very high distribution losses of R133,275,740 in 2023/24 (up from R83,555,502), Phumelela LM with losses of R10,308,626 linked to technical issues, faulty meters, theft, and vandalism, Metsimaholo LM with losses of R54,486,220 in 2024 (up from R36,716,222), and Tokologo LM which reported consistently high losses due to meter tampering, aging infrastructure, and theft of cables. • The best cases are Mangaung Metro, which reported 0% electricity losses, and Tswelopele LM, which reduced its losses to 11% through meter audits, cut-offs, penalties, and infrastructure replacement. • Other issues identified include recurring problems of meter tampering, aging infrastructure, theft, vandalism, and faulty equipment across several municipalities. Some municipalities such as Moqhaka disclosed only percentage losses (30%) without rand values, while others failed to table Annual Reports or provide electricity loss data at all, raising concerns about accountability and transparency. ***Unplanned outages:*** • Mangaung Metro performed best, restoring 94.37% of outages overall and reaching 100% within a week. Masilonyana and Mantsopa also restored all their reported outages. • Poorer performance was seen in Ngwathe (25% restored), Phumelela (27%), Moqhaka (30%), and Metsimaholo (30%) • Reporting gaps and incomplete data, especially from municipalities like Dihlabeng and Maluti a Phofung, remain a significant issue.
KwaZulu Natal	Did not report an overall access figure. ***Losses:*** • Electricity losses incurred by municipalities in the province increased by R704,7 million between 2022/2023 and 2023/2024. • Total electricity losses rose by 1,7 million kilowatts compared to the previous year's decrease of 145,8 million kilowatts. • Eight municipalities reported a reduction in electricity losses during 2023/2024: Ray Nkonyeni, Mooi Mpofana, The Msunduzi, Inkosi Langalibalele, Nquthu, Umvoti, Umhlathuze, and Greater Kokstad. • The Msunduzi Municipality recorded an increase in electricity loss of R191,4 million. • Ethekwini Metro reported an increase in electricity losses of R351 million. • Other municipalities collectively contributed to an additional increase of R141,2 million.

Province	Insights
	• Losses are mainly due to electricity theft from illegal connections and distribution losses linked to ageing infrastructure. • Municipalities need to account properly for electricity consumed by municipal buildings and assets to avoid misreporting as losses. • Greater investment is needed in budgets for repairs, maintenance, and refurbishment of electricity infrastructure, along with implementing maintenance plans. ***Outages:*** • Most municipalities reported 100% of outages restored within industry standard times. • Jozini Municipality reported 0% of outages restored within industry standards. • Abaqulusi Municipality recorded 38% of outages restored within industry standards

Source: Section 47 Reports 2023/2024

4.5 REFUSE REMOVAL

Figure 14 shows that, nationally, household refuse was removed at least once per week (61,3%) or less than once per week (2,3%). More than one-third (34,3%) of households used communal or household refuse dumps, while 1,8% of households had no facilities at all. It is notable that the percentage of households that used communal refuse dumps has been increasing consistently over the five years before the 2024 survey, growing from 3,0% in 2016 to 6,2% in 2024.

Figure 14: Household refuse removal by province, 2024

	2002	2004	2006	2008	2010	2012	2014	2016	2018	2020	2022	2024
Other	0,4	0,6	1,0	0,7	0,6	0,2	0,3	0,4	0,5	0,6	0,4	0,3
Dump or leave rubbish anywhere	5,8	3,5	4,8	4,6	3,9	3,3	2,4	2,1	2,0	2,4	2,5	1,8
Own refuse dump	32,4	32,8	28,6	31,1	29,8	30,4	27,8	27,2	27,7	28,8	28,8	28,1
Communal refuse dump	3,0	3,4	2,5	1,9	1,6	1,6	3,1	3,0	3,5	5,6	5,7	6,2
Removed less than once per week	2,3	1,9	1,6	2,5	2,7	2,0	2,5	2,0	1,7	2,2	2,7	2,3
Removed at least once per week	56,1	57,8	61,5	59,4	61,4	62,5	63,9	65,4	64,7	60,5	59,9	61,3

Source: Statistics South Africa General Household Survey 2024

The national figures, however, hide large discrepancies between rural and urban areas, but also between urban and metropolitan areas. Households in urban areas are much more likely to receive some rubbish removal services than those in rural areas, while a much larger percentage of rural households are left to rely on their own refuse dumps. This is presented in Table 12.

Table 12: Household refuse removal by province and urban/rural status, 2024

Province	Urban / Rural status	Removed at least once a week or less often	Communal refuse dump	Own refuse dump	Other
Western Cape	Rural	65,1	11,9	21,4	1,6
	Urban	92,8	6,9	0,0	0,2
	Total	**91,5**	**7,1**	**1,0**	**0,3**
Eastern Cape	Rural	1,2	1,8	94,1	2,8
	Urban	78,9	6,2	12,5	2,4
	Total	**43,4**	**4,2**	**49,8**	**2,6**
Northern Cape	Rural	32,6	7,8	55,8	3,8
	Urban	80,5	0,9	9,9	8,8
	Total	**65,8**	**3,0**	**23,9**	**7,3**
Free State	Rural	18,7	6,1	65,3	9,9
	Urban	83,0	5,5	8,0	3,5
	Total	**73,7**	**5,6**	**16,3**	**4,4**
KwaZulu-Natal	Rural	8,0	4,8	86,2	1,0
	Urban	81,9	4,7	12,2	1,2
	Total	**49,9**	**4,7**	**44,3**	**1,1**
North West	Rural	28,3	3,6	64,0	4,1
	Urban	86,1	7,2	5,5	1,3
	Total	**52,8**	**5,1**	**39,2**	**2,9**
Gauteng	Rural	23,4	23,6	41,3	11,7
	Urban	85,8	7,6	4,8	1,9
	Total	**84,3**	**8,0**	**5,7**	**2,1**
Mpumalanga	Rural	17,2	5,8	74,1	3,0
	Urban	79,2	1,6	18,4	0,9
	Total	**45,1**	**3,9**	**49,0**	**2,0**
Limpopo	Rural	8,5	9,6	79,2	2,7
	Urban	89,6	1,8	8,0	0,5
	Total	**25,3**	**8,0**	**64,5**	**2,3**
South Africa	**Rural**	**13,5**	**6,2**	**77,4**	**3,0**
	Urban	**85,3**	**6,2**	**6,8**	**1,7**
	Total	**63,6**	**6,2**	**28,1**	**2,1**

Source: Statistics South Africa General Household Survey 2024

The Section 47 reports provide additional municipal-level insights for Gauteng, Limpopo, Mpumalanga, North West and Western Cape. These show significant variation within provinces.

Province	Insights
Gauteng	• Reported 100% service except for Lesedi 99% and Merafong 95,7%
Limpopo	• A total of 1 007 140 (55.6%) households uses their own refuse dump, while 580 029 (32%) households rely on local authority/private company/community collected refuse at least once a week. Furthermore. • 6.6% households do not have refuse disposal services and therefore resort to dumping or leaving rubbish anywhere.

Province	Insights
Mpumalanga	• Provincial average access to refuse removal service is 59.7% with Gert Sibanda reaching 72.5% of households but Ehlanzeni only 41.6%
North West	• Decreased service extension to 55% down from 65% the previous year.
Western Cape	• Access to Refuse Removal in the Western Cape averages at 95%, though disparities exist between municipalities. Several municipalities achieved full coverage, including Matzikama, Bergrivier, Witzenberg, Breede Valley, Overstrand, Cape Agulhas, and Prince Albert. Conversely, Swartland (83%), Stellenbosch (87%), and Knysna (90%) were among the lowest.

Source: Section 47 Reports 2023/2024

4.6 FREE BASIC SERVICES

Municipalities in South Africa provide a package of Free Basic Services (FBS) to assist indigent households who cannot afford to pay for essential utilities. This package is designed to ensure that the poorest communities have access to a minimum standard of living and includes the following four core services:

- Free Basic Water (FBW): A minimum of 6 kilolitres of potable water per household per month.
- Free Basic Sanitation (FBSan): Access to basic sanitation services, such as VIP toilets, waterborne systems, or subsidised infrastructure, depending on local conditions.
- Free Basic Electricity (FBE): A minimum allocation of 50 kWh per household per month for lighting, cooking, and other household needs.
- Free Basic Refuse Removal (FBRR): Collection and safe disposal of household refuse, generally once per week.

The FBS programme is implemented through municipal indigent policies, which identify qualifying households and provide these services either directly or in partnership with service providers (including Eskom in some areas). While the principle is consistent nationally, performance, coverage, and reporting vary significantly across provinces and municipalities. Table 13 provides information on what the provinces have reported through their Section 47 reports with respect to free basic services.

Table 13: Provincial Highlights of Free Basic Service Provision (Water, Sanitation, Electricity, Refuse Removal)

<table>
<tr><th>Province</th><th>Free Basic Water</th><th>Free Basic Sanitation</th><th>Free Basic Electricity</th><th>Free Basic Refuse Removal</th></tr>
<tr><td>Eastern Cape</td><td colspan="4">• For water, some metros and DMs performed well (Nelson Mandela Bay, Alfred Nzo, Buffalo City, Joe Gqabi, O.R. Tambo), but weaknesses exist in Chris Hani DM. Seven municipalities failed to report.
• For sanitation, 100% subsidised for indigent households. Decline in municipal performance. 28% rated excellent (Kouga, Makana, Ndlambe, Joe Gqabi). Weak: Chris Hani, Alfred Nzo. 57% did not report.
• For electricity 28% of municipalities rated excellent (e.g. Winnie Madikizela-Mandela, Mnquma, Raymond Mhlaba, Kouga, Ndlambe). 18% very good, 1 good, 9% weak. Non-reporting: 13 municipalities.</td></tr>
<tr><td>Free State</td><td colspan="4">• Mangaung Metro (60,680 indigent households)
• Maluti-a-Phofung (36,821)
• Ngwathe (14,000), Moqhaka (12,711)</td></tr>
</table>

<table>
<tr><th>Province</th><th>Free Basic Water</th><th>Free Basic Sanitation</th><th>Free Basic Electricity</th><th>Free Basic Refuse Removal</th></tr>
<tr><td></td><td colspan="4">• Metsimaholo (7,362), Setsoto (6,862).
• Smaller totals: Letsemeng (2,630), Masilonyana (3,250), Mafube (3,680).
• Several municipalities failed to report or submitted outdated/poor-quality data.</td></tr>
<tr><td>Gauteng</td><td colspan="4">• Indigent households (income below R3,500) qualify. Basket includes 6 kL water. 100% indigent households served except City of Johannesburg (62%) and Merafong (43%).</td></tr>
<tr><td>KwaZulu-Natal</td><td colspan="4">• Framework ensures access. Indigents defined by municipal thresholds.
• 25 municipalities reported, 28 did not.
• Total indigent households = 988,411
• Some very low reports - Mtubatuba 93, Zululand 352 households being provided services</td></tr>
<tr><td>Limpopo</td><td colspan="4">• Municipalities are delivering free basic services, but access is uneven across districts, with some areas still facing significant gaps in coverage. Examples of extension of FBS:
o Mopani: 18,340 households received FBW; 14,512 had FBS; 52,604 had FBE.
o Waterberg: 14,061 households had FBW and FBS; 13,204 had FBE.
o Capricorn: 61,111 households had FBW, FBS, and FBE.
o Sekhukhune: 162,436 households had FBW; 30,926 had FBS; 20,465 had FBE.
o Vhembe: 47,142 households had FBW, FBS, and FBE.</td></tr>
<tr><td>Mpumalanga</td><td colspan="4">• Reported 100% of indigent households (115,218) have access the full package of free basic services for water, sanitation, electricity and refuse removal.</td></tr>
<tr><td>Northern Cape</td><td colspan="4">• All municipalities have policies/registers but many outdated.
• 8 municipalities did not report.
• Of those that reported 54 000 indigent households were being served</td></tr>
<tr><td>North West</td><td colspan="4">• Provision: Indigent households benefit in municipalities such as JB Marks (13,578), Naledi (3,812), Kagisano-Molopo (345), Rustenburg (540), and Moses Kotane (8,438)
• Challenge: Gaps arise from unsigned SLA's with Eskom, very low allocations in Eskom-supplied areas (e.g. Matlosana 31 households), and lack of dedicated officials in several municipalities</td></tr>
<tr><td>Western Cape</td><td colspan="4">The provision of free basic services across municipalities in the Western Cape for the 2023/2024 financial year reveals significant disparities in access to water, sanitation, electricity, and refuse removal. At the provincial level, the average access rates stand at 63% for water, 64% for sanitation, 66% for electricity, and 64% for refuse removal. If one averages the % free provision across all municipalities (not taking into account number of households in each municipality the average provision. Average access percentages across all the municipalities shown in the chart:
• Water: 71.3%
• Sanitation: 72.4%
• Electricity: 74.5%
• Refuse/Waste Removal: 72.7%</td></tr>
</table>

Source: Section 47 Reports 2023/2024

4.7 INFRASTRUCTURE INVESTMENT AND MAINTENANCE

4.7.1 Conditional Grant Performance

National Treasury released the local government revenue and expenditure report for the second quarter of the 2023/24 municipal financial year, ending in December 2023.[8] The report evaluates municipal performance against adopted budgets, including spending on conditional grant allocations. By the end of December, municipalities had received just over half of the funds allocated in direct conditional grants for the year. This reported indicated that:

- Municipal Infrastructure Grant (MIG) was the strongest performing infrastructure grant, showing an improvement compared to the same period in the previous year. It has been the leading performer for three consecutive quarters.
- The Integrated Urban Development Grant (IUDG) was the second best performing. It is allocated to municipalities such as Mogale City, Ray Nkonyeni, uMhlathuze, Polokwane, Steve Tshwete, Sol Plaatjie, Drakenstein, Stellenbosch, and George. The IUDG is intended to fund infrastructure for poor households, expand municipal capital financing, and promote spatially aligned development. Its outputs include new water, sewer, and electricity connections, improved waste services, upgraded roads and public spaces, as well as job creation through the Expanded Public Works Programme
- The Municipal Disaster Recovery Grant (MDRG). This was the lowest performing grant.
- Public Transport Network Grant (PTNG) . This grant showed the second lowest performance, with metropolitan municipalities facing significant implementation challenges.

Outside of the MIG, low spending on infrastructure grants remains a concern, as unspent conditional grants must be returned to the National Revenue Fund, negatively affecting communities that rely on infrastructure linked to these funds.

Although transfers of conditional grants are progressing as planned, spending on infrastructure remains uneven. The MIG and IUDG show steady progress in supporting local development and service delivery, while the MDRG and PTNG highlight ongoing difficulties. Addressing slow expenditure and implementation challenges is essential to ensure that allocated funds are fully converted into infrastructure and services for communities.

4.7.2 Municipal Infrastructure Grant (MIG) expenditure

The Municipal Infrastructure Grant (MIG) Programme is a funding mechanism that allocates grants to municipalities for the implementation of infrastructure projects aimed at ensuring at least a basic level of service delivery to poor households. Established as part of wider government reforms, the programme seeks to enhance service delivery in a coordinated manner across the three spheres of government. It is administered by the Department of Cooperative Governance (DCoG), consistent with its mandate to foster cooperative governance and strengthen municipal capacity.

The MIG Policy Framework (2004) outlines the programme’s core objectives. Central to these is the full subsidisation of capital costs for providing basic services to poor households, which entails prioritising the development of suitable bulk, connector, and internal infrastructure in key service sectors. The framework also emphasises equitable, transparent, and efficient

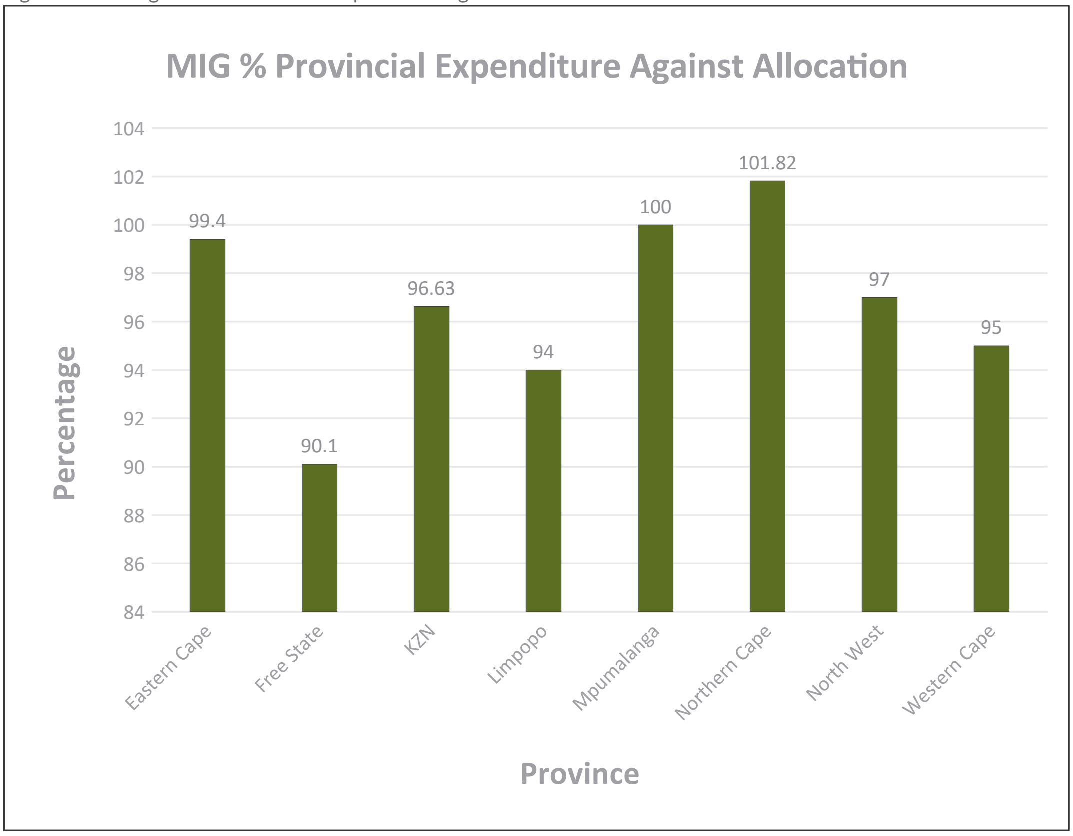
[8] Local Government Revenue and Expenditure: Second Quarter Local Government Section 71 Report For The Period: 1 July 2023 – 31 December 2023

distribution of funds for municipal infrastructure, thereby supporting integrated local development and maximising developmental impact. In addition, the programme aims to enhance municipalities' developmental capacity through support for multi-year planning and budgeting, while serving as a vehicle for the coordinated pursuit of national policy goals in municipal infrastructure. A further objective is to reduce inefficiencies and overlaps that arise from fragmented, sector-specific grants.

The grant finances both new infrastructure development and the upgrading of existing assets to extend basic services such as water, sanitation, waste management, roads, and social amenities to poor households in all non-metropolitan municipalities. It also supports the renewal of infrastructure that benefits disadvantaged communities and the upkeep of rural roads identified under the Rural Roads Access Management System (RRAMS). By supplementing municipal capital budgets, the MIG contributes to eliminating backlogs in infrastructure provision and advancing inclusive service delivery. The COGTA 2023/2024 target for MIG year was 16 dysfunctional municipalities to spend a small portion of their MIG allocations on infrastructure repairs and refurbishment.[9] The outcome far exceeded expectations, with many municipalities achieving this. By September 2023, several dysfunctional municipalities had already spent part of their MIG allocations on repairs.

The national MIG in the 2023/2024 financial year was R17.6 billion.[10] The graph below shows that the average % expenditure against allocation for 8 provinces according to provincial Section 47 reports is 96,7%:[11]

Figure 15: Average Provincial % MIG Expenditure Against Allocation



[9] Department Cooperative Governance Annual Report 2023/2024

[10] Deputy Minister Parks Tau: Cooperative Governance and Traditional Affairs Dept Budget Vote 2023/24

[11] No % was provided in the. Gauteng Section 47 Report.

Source: Section 47 Reports 2023/2024

Table 14: Provincial Overview of MIG Expenditure

Province	Information
Eastern Cape	• The MIG performance rating excludes Metropolitan municipalities, Sarah Baartman District, and Joe Gqabi District municipalities, as these do not receive MIG allocations. • 97% of municipalities spent 100% of the grant allocation. The other 3% exceeded 80% spend.
Free State	• Of the 23 municipalities, 5 did not provide information • 3 (Mangaung, Fezile Dabe, and Thabo Mofutsanyane) were reported as not applicable • Of the remaining 15 reported the average expenditure was 90.1%
Gauteng	• No data reported
KZN	• District Municipalities which had the lowest percentage expenditure in the province, at 77,35% have been highlighted.
Limpopo	• The provincial average of 94% is an improvement from 88% the previous year
Mpumalanga	• In the 2022/23 financial year, municipalities were allocated R2.17 billion and recorded an expenditure of R2.15 billion (99%) by the end of June 2023. • In the 2023/24 financial year, municipalities were allocated R2.0 billion, and by the end of June 2024, an expenditure of R2.0 billion (100°/) was recorded. • Though the province recorded 100% expenditure, a rollover of R309 thousand was realised for Dr Pixley Ka Isaka Seme Municipality which spent 99% of their allocation. Steve Tshwete received an IUDG allocation of R76,765 million for 2023/24 and spent 100% of the allocation, which is like the municipality's performance for 2022/23 financial year.
Northern Cape	• Northern Cape municipalities were initially allocated R501,370 million, reduced by R33,531 million during the adjustment budget, then increased by R41,050 million through the stop and reallocation process • Final allocations amounted to R508,889 million, with actual spending reaching R518,165 million or 101.82 percent, including previously unspent funds from the prior year • Grants were stopped for five municipalities due to slow spending and reallocated to six that were performing well • Sixteen municipalities spent their full allocations, while nine did not spend the entire amount allocated
North West	• 12 municipalities achieved 100% expenditure (Madibeng LM, Ratlou LM, Tswaing LM, Mahikeng LM, Ditsobotla LM, Ramotshere Moiloa LM, Ngaka Modiri Molema DM, Naledi LM, Greater Taung LM, Lekwa Teemane LM, Dr Ruth Segomotsi Mompati DM, JB Marks LM) • 2 municipalities benefited from additional allocations due to strong performance (Mahikeng LM: R29m, Naledi LM: R12m)
Western Cape	• The original MIG allocation for the Western Cape was promulgated in the 2023/24 DoRA at an amount of R482 402 000. The cumulative year-to-date overall provincial expenditure achieved is 95% as at the end of June 2024

4.7.3 Repairs and Maintenance

The Section 47 reports highlight ongoing underspending on the repair and maintenance of existing infrastructure. Over 90 percent of municipalities fell short of the 8 percent benchmark for maintaining their assets. Proper asset maintenance is essential to prevent infrastructure failures and ensure uninterrupted service delivery. In total, 235 municipalities allocated less than 8 percent to repairs and maintenance, while only 25 municipalities managed to meet the 8 percent target.

5. LOCAL ECONOMIC DEVELOPMENT

5.1 INTRODUCTION

Local Economic Development (LED) forms a central element of South Africa's National Spatial Development Strategy. It is a place-based approach that brings together local government, the private sector, and civil society to stimulate economic growth within districts and enhance community well-being. LED seeks to attract and coordinate investment from public, private, and non-profit sources through inclusive planning processes. These processes are guided by joint district implementation plans, which aim to align resources and actions to support sustainable, locally driven growth.

According to the DCoG Annual Report of 2023/2024, LED is framed as a strategy rooted in place-making and spatial development. It focuses on uniting local actors to expand economic opportunities and improve living conditions.

To tackle inequality, exclusion, and poverty, municipalities are encouraged to:

- Apply robust data and analysis to understand local economic strengths and weaknesses
- Build stakeholder consensus and shared definitions of inclusive economic growth
- Prioritise partnerships with anchor institutions that can drive and support development.

5.2 LEGISLATIVE AND POLICY FRAMEWORK

LED is mandated in the Constitution of South Africa, which outlines the responsibilities of local government in promoting social and economic development:

- **Section 152(c)**: Requires municipalities to promote social and economic development.
- **Section 153(a)**: Directs municipalities to structure and manage their administration, budgeting, and planning processes to give priority to the basic needs of the community and to promote social and economic development.

The **1998 White Paper on Local Government** reinforces this mandate by emphasizing the developmental role of municipalities. It highlights the need to address poverty and support local economic growth through municipal powers and functions.

Following the introduction of the first National Framework for LED in 2006, significant progress was made. This includes the:

- Development of LED strategies by many municipalities, integrated into their Integrated Development Plans (IDPs).
- Allocation of dedicated municipal budgets for LED activities.
- Establishment of LED support programmes in all provinces.
- Creation of over 30 Local Economic Development Agencies (LEDAs).
- Increased investment in LED from national departments and academic institutions, including funding, training, and formal education.
- Contributions from civil society and donors towards capacity building and development initiatives.

5.3 INDICATORS REPORTED FOR 2023/2024

The following indicators were extracted from the Section 47 reports that provide insight into the success and challenges in the LED:

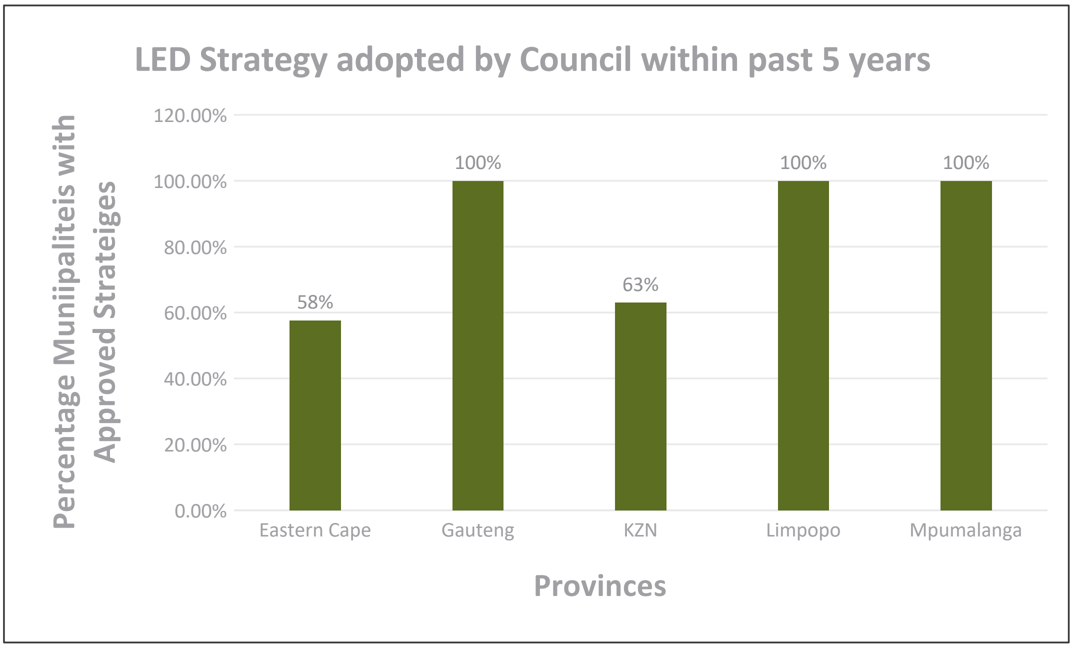
- LED strategy and planning (number of municipalities with council approved strategies and plans)
- Municipal capacity to plan and implement LED (LED units approved and filled posts and presence of LED forums
- Job creation through municipal LED initiatives (EPWP, CWP and LED programmes)
- Types of LED programmes and initiatives being implemented.

During the 2023/2024 financial year, municipal performance in reporting LED indicators remained poor. Many municipalities failed to report adequately on key indicators, particularly on investment attracted to their jurisdictions. District and local municipalities were the most affected by underreporting.

5.3.1 LED Strategy

Having a Council-approved LED strategy and implementation plan is essential for steering a municipality's economic development in a coordinated and structured way. It secures political support, links local initiatives to wider development priorities, and sets out a framework for how resources will be allocated, how stakeholders will be engaged, and how results can be measured. The table below reflects data from six provinces, showing the percentage of municipalities that have Council-approved LED strategies and plans.

Figure 16: Municipalities with Council Approved LED Strategy and Plan



Source: Section 47 Reports

Provinces further shared following:

Province	Additional Information on Capacity

Eastern Cape	• A rating of excellent requires a municipality to have a Council approve strategy that is not older than 5 years. Fewer municipalities are excelling — none reached the “excellent” level this year, which shows a decline in full implementation and effectiveness. • More municipalities are moving into the “very good” category, meaning strategies are being developed and adopted, but they often stall at full implementation. • The bulk of municipalities are spread across “very good” and “weak,” reflecting partial progress but ongoing gaps in adoption and follow-through. • The number in “weak” has declined slightly, suggesting some improvement in getting strategies adopted. • A small but persistent group still falls under “disclaimer,” showing recurring reporting or compliance issues.
Free State	• 15 out of 23 municipalities (65%) did not provide information on LED • 5 out the 8 that did report were in progressed phases of updating or reviewing their LED strategies and plans
Limpopo	• Municipalities played an essential role in creating favorable environments for business success and job creation. LED became a main thrust in partnership between local government, business and community interests. • Municipalities had initiatives that derive short-term employment opportunities in the form of the Extended Public Works Programme and Community Works Programme. Agricultural development was also one of the local economic development thrusts and service delivery priorities that some of municipalities identified to contribute towards job creation during the year under review. • There is one Special Economic Zones (SEZ) in the province mainly Musina-Makhado, it is established to stimulate economic growth whilst creating employment. • 100% of LED forums meeting quarterly
Northern Cape	• Districts plan to strengthen coordination with National, Provincial government and Government Entities and economic sectors to strengthen LED interventions in municipalities. • Some have adopted or revised strategies during 2023/24 (e.g., Richtersveld, Karoo Hoogland, Sol Plaatje, Joe Morolong). • Others are still drafting or reviewing strategies (e.g., Khai-Ma, Emthanjeni, Siyathemba). • A few reported having outdated strategies (e.g., Ubuntu, Emthanjeni, ZF Mgcawu). • Some could not provide reports at all (e.g., Renosterberg, Dikgatlong, Magareng) • At least one municipality reported having no LED strategy (Ubuntu)

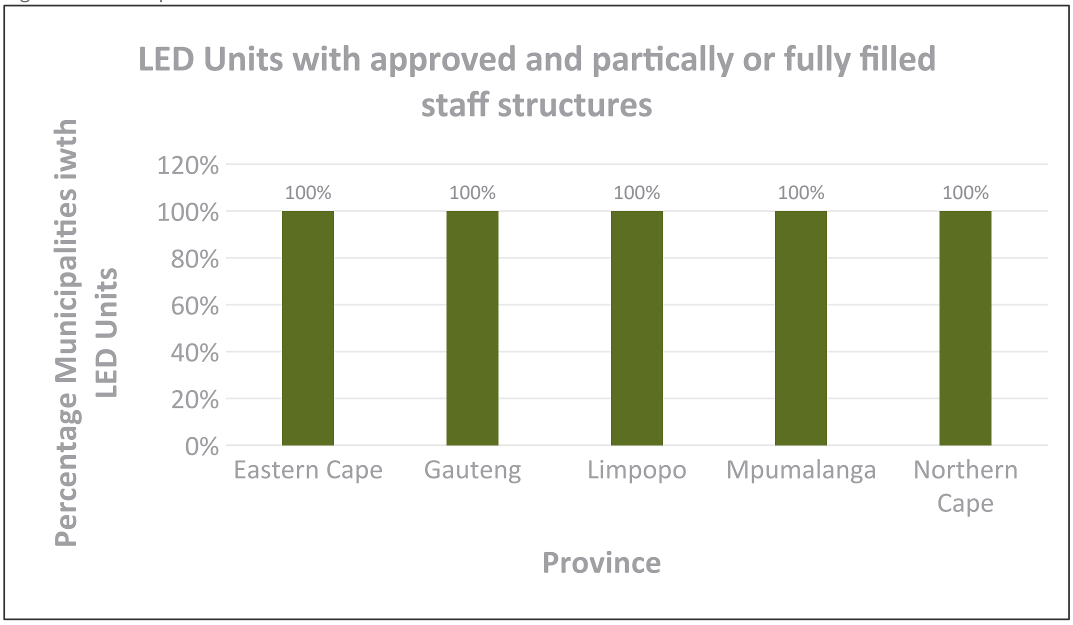
5.3.2 Municipal capacity to plan and implement LED (LED units approved and filled posts)

Strongly resourced LED units, with dedicated and capable staff, are vital for municipalities to deliver meaningful local economic development. When units are properly staffed, they are able to plan, implement, and track LED strategies more effectively, ensuring that projects respond to community needs and align with development priorities. They also provide important support to

SMMEs, help attract investment, and coordinate work with partners. Where human resources are lacking, LED initiatives often lose focus, capacity, and impact.

Five provinces reported on the share of municipalities with fully established LED units. In the Eastern Cape, 56% of municipalities had LED units, though most were reported as severely understaffed. In Gauteng, vacancy levels in LED units stood at 31%, with a decline also noted in the number of approved posts. Across all nine provinces, even where figures were not provided, the common trend was that LED units were either poorly resourced or in some cases absent altogether, limiting the ability to support LED strategies.

Figure 17: Municipalities with an LED unit



Source: Section 47 Reports

Provinces share the following further insights on LED Capacity to implement the strategy.

Province	Additional Information on LED Units
Eastern Cape	• The number of municipalities that received a rating of excellent (which means an approved LED structure with budgeted and filled posts), declined from 11 to 2, signalling regression in fully functional and resourced LED units. • A shift occurred where some municipalities improved to “very good,” but the majority remain stuck in the “good” category, where posts are budgeted but not fully filled or resourced. • Staffing and resource allocation remain the biggest challenges. • In some cases, LED is not a standalone unit but integrated under other offices (e.g., Municipal Manager or Development Planning). • Joe Gqabi District Municipality stands out by delegating LED functions to its Development Agency.
Gauteng	• Not all the municipalities have the capacity and resources to implement their LED plans. • There is a 32% vacancy rate (provincial average) for LED units with COJ as low as 6% and Mogale City as high as 48%. • Rand value of investment attracted R51 495 220 970.

Province	Additional Information on LED Units
KZN	• The uMgungundlovu, uMzinyathi, Zululand, King Cetshwayo, and Harry Gwala Districts have adopted Local Economic Development (LED) Strategies within the mandated timeframe. These Districts serve as benchmarks, demonstrating effective policy implementation and Council oversight. • Notable improvement was observed in Ugu District, Alfred Duma Local Municipality, and Abaqulusi Local Municipality, which progressed from non-compliance in the previous year to having adopted LED strategies. • However, a regression was noted in Msunduzi Local Municipality from the previous financial year.
Mpumalanga	• During the financial year under review, although all municipalities had Council approved LED strategies that had been approved post COVID and now need review.
Northern Cape	• Don't report numbers. Categorise into high medium and low capacity and offer the following strategies to implement: o Municipalities to strengthen human and financial resource capacity in LED units. o Municipalities to strengthen coordination with town planning and infrastructure units.

5.3.3 Municipalities with LED forums

LED forums in South African municipalities serve as platforms for collaboration between government, business, and community stakeholders. They help coordinate and align local economic initiatives with municipal and broader development plans. These forums also identify local opportunities and challenges to inform project planning and implementation. Additionally, they support SMMEs and cooperatives by connecting them to resources, training, and economic opportunities. This indicator is not quantitatively reported on in provinces. The table below summarises what provinces say about the functionality of LED forums.

Table 15: Status of functionality of LED Forums

Province	Summary of what the report says about LED forums
Eastern Cape	• LED forums are a formal performance indicator. None achieved a rating of excellent which would mean the forum was fully constituted, meets quarterly, and provides written records of meetings. The majority (22 municipalities) were "Very Good" or "Good "meaning the forums are established and meet but irregularly and do not keep good records 3 are reported as not functional and 2 received a disclaimer.
Free State	• LED forums listed as a performance measure, but widespread non-functionality of forums, poor alignment, inadequate reporting, and weak stakeholder participation is reported.
Gauteng	• All three metros have established LED forums, but functionality varies. Smaller municipalities struggle with non-functional or irregular forums due to capacity/resource issues. • Challenges include poor coordination, weak private sector involvement, and limited integration of strategies. Overall: forums exist but impact is inconsistent.
KwaZulu-Natal	• Most municipalities have LED forums, but functionality is weak • Meetings are irregular, participation (especially private sector) is poor,

	and integration with planning is limited. • Forums often exist only on paper, with little tangible impact.
Limpopo	• District municipalities: LED forums are established and reported as fully functional. • Local municipalities: forums exist but are irregular, poorly attended, and not well linked to LED strategies.
Mpumalanga	• Most municipalities have LED forums, but functionality is inconsistent. • Common issues include irregular meetings, weak participation, and poor integration with LED strategies. • A few municipalities use them effectively, but most show limited impact. Overall: forums present but generally weak.
Northern Cape	• Some municipalities have LED forums, but functionality is weak. • Meetings are irregular, stakeholder participation (especially private sector) is poor, and alignment with LED strategies is limited.
North West	• Most municipalities have LED forums established, but they are largely non-functional. • Meetings are irregular, participation is weak, and alignment with planning is poor.
Western Cape	• All municipalities have LED forums, generally functional and meeting regularly. • Better integration into LED planning and stronger stakeholder participation than other provinces. • Some smaller municipalities still less effective. Overall: forums largely functional and effective.

5.3.4 Job Creation through LED Initiatives

The Expanded Public Works Programme (EPWP) and the Community Work Programme (CWP) are national programmes aimed at creating short- to medium-term work opportunities while delivering essential community services and infrastructure. The EPWP emphasises labour-intensive projects such as road maintenance, environmental initiatives, social services, and community infrastructure, offering temporary jobs and practical skills training for unemployed individuals. The CWP, on the other hand, provides part-time employment by guaranteeing a minimum number of workdays each year, typically through community-based projects like food gardens, care services, and environmental upkeep. In addition to these initiatives, municipalities also roll out other LED activities such as supporting small businesses, cooperatives, and local industries, all intended to grow local economies and broaden employment opportunities.

At the municipal level, these programmes are particularly significant because they bring immediate relief in areas with high unemployment and limited access to formal work. They also help participants gain skills and experience that can improve their chances of securing longer-term employment. Furthermore, by engaging unemployed residents in productive activities that benefit their communities—such as maintaining public spaces or supporting vulnerable households—they contribute to social stability. Linking short-term employment with local service delivery and development priorities enables municipalities to reduce poverty, stimulate local economic activity, and encourage stronger community involvement in development.

Eight provinces reported figures for job opportunities created through EPWP, CWP, or other LED initiatives. At total of 226 701 job opportunities were reported for 2023/2024. Mpumalanga did not provide figures in the Section 47 report but rather rated municipalities on whether they provided figures to the province. They stated that reporting was varied and overall requires improvement.

Table 16: Job Opportunities created through EPWP, CWP & LED Initiatives

	FS	GP	KZN	LP	MP	NC	NW	WC
EPWP	1859[12]	40464	21811	15924	5545	9018	21200	51187
CWP	973[13]	13409	25826	20995	6980	-		
LED Initiatives	-	4079	47637	9381	1245	-		-
Total	**2832**	**57952**	**24442**	**46300**	**13770**	**9018**	**21200**	**51187**

Source: Section 47 Reports 2023/2024

5.3.5 Types of LED programmes and initiatives being implemented.

All nine reports refer to the types of LED initiatives or programmes that were undertaken in the financial year. The image below reflects the most common activities cited.

Figure 18: Types of LED Initiatives Reported by Provinces 2023/2024

[12] The Free State EPWP number is only reported from 10 of the 23 municipalities. The others did not provide figures.

[13] This Free State Figure comes form and Letsemeng (25) and Metsimaholo (848). No other municipalities reported

Source: Section 47 Reports 2023/2024

5.4 TOP CHALLENGES FACING MUNICIPALITIES WITH RESPECT TO LED

Figure 19: Top LED Challenges facing Municipalities 2023/2024

Source: Section 47 Reports 2023/2024

5.5 CONCLUSION

Since 2006, South Africa has made notable progress in institutionalising Local Economic Development (LED). Frameworks, strategies, and structures have been put in place across municipalities, and LED has become a recognised pillar of local governance. However, several challenges continue to affect its overall impact. These include persistent difficulties with implementation, poor reporting, and weak monitoring systems, which limit the ability to track outcomes and sustain momentum.

To improve the effectiveness of LED, municipalities need to become more investment-ready by creating enabling environments that attract both domestic and external capital. Stronger and more targeted support for small enterprises, particularly SMMEs, is also essential, as these businesses form the backbone of local economies and job creation. Equally important is the need to build closer partnerships between the public and private sectors, ensuring that planning is aligned, resources are pooled, and initiatives are coordinated.

Looking ahead, municipalities must also prioritise the regular review and updating of LED strategies, strengthen institutional capacity, and ensure forums function effectively. By addressing these gaps, LED can move beyond policy and plans to tangible outcomes that unlock the full economic potential of local areas, stimulate inclusive growth, and improve the livelihoods of communities across South Africa.

6. MUNICIPAL FINANCIAL VIABILITY

6.1 INTRODUCTION

Sound financial management practices are the cornerstone of municipal sustainability and the ability to deliver services effectively over the long term. Municipal financial management encompasses a set of interconnected functions – planning and budgeting, revenue generation, cash and expenditure control, procurement, asset management, reporting, and oversight. Together, these components ensure that municipal spending remains developmental, efficient, and accountable.

The foundation of financial viability rests on the strength of the municipal revenue base. Accurate billing, effective revenue collection, and protection of core income streams such as property rates, service charges, and intergovernmental transfers are essential to meeting service obligations. Weak billing systems, poor collection performance, and rising consumer debt quickly erode financial stability, leaving municipalities increasingly reliant on external grants and undermining both fiscal autonomy and predictability.

Expenditure choices play an equally decisive role in shaping sustainability. Municipalities must reconcile the developmental imperative of service delivery with the realities of affordability, ensuring that spending is efficient, well-targeted, and aligned to budget priorities. Escalating employee costs, bulk purchases, and consumption-driven outlays frequently displace investment in maintenance, repairs, and infrastructure projects. Chronic overspending or underspending against adjusted budgets signals weak planning and poor discipline, ultimately eroding efficiency and service delivery outcomes.

Liquidity and cash flow management are further pillars of financial health. Reliable service delivery depends on adequate and predictable funding, backed by prudent management. This is best demonstrated by a municipality's ability to finance debt from its own revenue base and to convert receivables into operating cash, thereby reducing dependence on external transfers. In practice, financial viability is measured by the capacity to generate sufficient cash flows to cover operating costs and debt service, while sustaining and expanding services. The 2007 Municipal Systems Act regulations identify three key indicators for this: debt coverage, outstanding consumer and service debtors relative to revenue, and cash flow adequacy.

Independent assurance of financial integrity comes through audit outcomes. The Auditor-General's assessments of compliance, internal controls, and the reliability of financial statements provide a clear signal of governance quality. Clean or unqualified audit results confirm credibility and accountability, whereas recurring qualifications, disclaimers, or adverse findings reveal systemic weaknesses that undermine financial management and erode public trust.

Patterns of financial distress provide a further cross-cutting indicator of viability. Municipalities grappling with persistent cash shortages, mounting debt to bulk service providers, and worsening creditor and debtor positions frequently enter distress, often requiring intervention or debt relief. These challenges typically stem from compounded failures across revenue collection, expenditure control, asset management, and governance. Prolonged distress not only weakens the ability to sustain essential services but also threatens the stability of the wider local government system.

Taken together, these dimensions – revenue, expenditure, liquidity and cash management, audit outcomes, and financial distress – provide a holistic view of municipal financial viability and the risks that shape long-term sustainability.

6.2 REVENUE

6.2.1 Funded/Unfunded Budgets

For municipalities to operate effectively, they must budget responsibly, allocate scarce resources wisely, and manage day-to-day operations in line with approved spending plans. A funded budget is one of the strongest indicators of sound financial management and overall viability. By contrast, when a municipality adopts a budget that is unrealistic, unsustainable, or lacks credibility, it exposes itself to significant financial risks that can undermine every aspect of its operations.

Municipal budgets also account for items that do not involve direct cash outflows. These so-called non-cash items are accounting adjustments designed to reflect the true value of a municipality's assets. Common examples include impairments, which reduce the recorded value of infrastructure or outstanding consumer debt. Such adjustments are not cash expenses but rather estimates that ensure financial reports present a realistic picture. For instance, consumer debt impairments test the likelihood that residents will pay their municipal bills, while asset impairments signal the deterioration of infrastructure and guide planning for future replacement. When municipalities underestimate these non-cash provisions, the consequences can be serious. Insufficient budgeting for consumer debt impairments may create cash flow pressures, while neglecting asset impairments can lead to overreliance on aging infrastructure without setting aside the resources needed for renewal. In both cases, the ability to provide reliable, sustainable services to communities is compromised.

According to the Auditor-General of South Africa's Consolidated General Report on Local Government Outcomes 2023/2024, before a municipal budget is tabled in council, it undergoes a funding assessment by either the National Treasury (in the case of metros and larger cities) or the relevant provincial treasury, in line with section 5(2) of the Municipal Finance Management Act (MFMA).[14] A critical part of this review is to establish whether the budget is "funded" — meaning

[14] Auditor General of South Africa's Consolidated General Report on Local Government Outcomes 2023/2024

projected revenues and confirmed grants will realistically cover planned expenditure. Treasuries also examine whether revenue assumptions, such as property rates and service charges, are achievable.

If a budget is deemed unfunded, treasuries advise municipalities to adjust their figures before council approval. Those that disregard this advice and adopt unfunded budgets are instructed to correct the imbalance during the February adjustment cycle. Despite this process, 113 municipalities (44%) still adopted unfunded adjustment budgets in 2023/24, an increase from 108 (42%) the previous year. Worryingly, 86 municipalities (76%) have adopted unfunded budgets for three consecutive years, showing no progress towards financial sustainability.[15]

The root causes of unfunded budgets are consistent: municipalities often overestimate their revenue while struggling to keep spending within realistic limits. This includes optimistic projections for property rates and service charge collections that rarely materialise.

Another area of concern noted by the AGSA is unauthorised expenditure — spending that is either outside the approved budget or not aligned with the terms of a grant.[16] Municipalities are legally required to disclose such spending. Between 2021/22 and 2023/24, municipalities reported R81,59 billion in unauthorised expenditure, underscoring the scale of weak budget discipline. Table 17 shows an increase of unauthorised expenditure from R24.4 billion to R31.79 billion.

Table 17: Details of unauthorised expenditure over 3 years

	2021-22	2022-23	2023-24
Number of municipalities	175 (68%)	175 (68%)	174 (68%)
Unauthorised expenditure amount	R25,40 billion	R24,40 billion	R31,79 billion
Nature of unauthorised expenditure			
Spending not in line with budget	R25,15 billion	R24,17 billion	R31,59 billion
Spending not in accordance with grant conditions	R0,25 billion	R0,23 billion	R0,2 billion
Unauthorised expenditure: cash vs non-cash breakdown			
Cash	R12,38 billion (49%)	R14,64 billion (60%)	R13,35 billion (42%)
Non-cash	R13,02 billion (51%)	R9,76 billion (40%)	R18,44 billion (58%)

Source: Auditor-General of South Africa's Consolidated General Report on Local Government Outcomes 2023/2024

According to the Auditor-General of South Africa's Consolidated General Report on Local Government Outcomes 2023/2024 the 113 municipalities that adopted unfunded budgets in 2023-24, 91 (81%) incurred unauthorised expenditure. Of the 91 municipalities for which the audits had been completed by the cut-off date for this report, 53 (58%) incurred deficits over the financial year. [17]

Unless municipalities succeed in boosting their revenue streams and exercising tighter control over expenditure, this unsustainable cycle is likely to persist. The problem is compounded by serious weaknesses in the way many municipalities manage their revenue collection, allocate and utilise grants, and control their overall spending.

The Section 47 Reports all make reference to unfunded budgets, but only the Northern Cape provides information that 11 of its municipalities had unfunded budgets in 2023/2024. The rest make more general references around reasons why budgets are unfunded and risks. These are summarised in table below

Table 18: Unfunded Budgets: Reasons and Risks

[15] Auditor General of South Africa's Consolidated General Report on Local Government Outcomes 2023/2024
[16] Auditor General of South Africa's Consolidated General Report on Local Government Outcomes 2023/2024
[17] Auditor General of South Africa's Consolidated General Report on Local Government Outcomes 2023/2024

Reasons for Unfunded Budgets	Risks of Unfunded Budgets
Weak revenue collection systems and poor billing accuracy	Inability to pay bulk service providers (Eskom, water boards)
High levels of consumer debt and poor enforcement of credit cor	Cash flow shortages and liquidity crises
Unrealistic or non-credible budgeting practices	Rising dependence on external grants and equitable share
Limited or declining municipal revenue base	Reduced fiscal autonomy and long-term unpredictability
Underestimation of non-cash provisions	Compromised service delivery and infrastructure maintenance
Failure to align expenditure with actual revenue potential	Overspending, underspending, or inability to implement budgets
Political and governance instability	Escalating arrears, deteriorating creditor and debtor positions
Reliance on conditional grants instead of strengthening own reve	Erosion of public trust and weakened accountability

Source: Section 47 Reports 2023/2024

6.2.2 Total Operating Revenue by Type

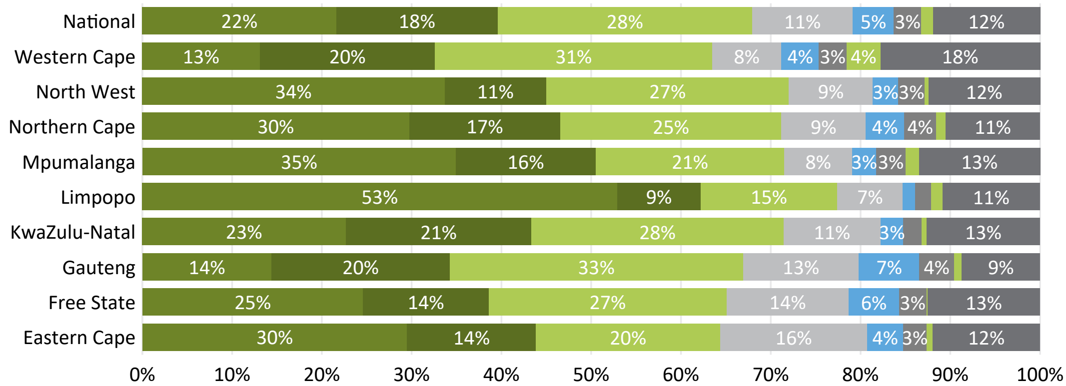
In 2023/2024, half of the total operating revenue was derived from municipal service charges, which contributed 52.7% (R229.3 billion). This was followed by transfers and subsidies at 21.9% (R100.2 billion) and property rates at 18.8% (R84.2 billion). Together, these three sources accounted for more than 93% of all municipal operating revenue. [18]

As shown in Figure 20, Electricity service charges remain the largest single source of municipal revenue, contributing 28% nationally. Gauteng (33%) and Western Cape (31%) record the highest reliance, with electricity accounting for around a third of total income. In contrast, Limpopo records the lowest share from electricity (15%), with more than half of revenue instead derived from transfers (53%), highlighting its heavier dependence on national funding. Transfers also make up roughly a third of revenue in North West (34%) and Mpumalanga (35%). Property rates contribute 18% nationally, with the highest shares in KwaZulu-Natal (21%) and in Gauteng and Western Cape (20% each). Water service charges account for 11% nationally, with Eastern Cape (16%) and Free State (14%) recording the highest proportions. Wastewater and waste management charges remain smaller contributors, at 5% and 3% of national municipal revenue respectively.

When combined, service charges for electricity, water, wastewater and waste management account for just under half of total municipal revenue nationally (47%). Gauteng records the highest combined share at 57%, followed by Free State (50%), Western Cape (46%) and KwaZulu-Natal (44%). Eastern Cape, Northern Cape and North West all fall between 40% and 50%. Mpumalanga (35%) and Limpopo (26%) record the lowest reliance on service charges, reflecting their higher dependence on transfers. The Western Cape continues to record the highest relative share from fines (4%), while other revenue streams together contribute 12% of municipal revenue nationally.

Figure 20: Breakdown of municipal revenue

[18] Parliamentary Budget Office: Fiscal brief 2023/24 Financial year analysis (April - August 2023)



Source: National Treasury Municipal MTREF A4 Budgeted Financial Performance, 2023/24, collated by author

6.2.3 Management of municipal own revenue as a percentage of the actual budget

The total deficit in local government for 2023-24 was R11,29 billion, with 90 municipalities (39%) spending more than they generated in revenue. This was most prevalent in the Free State, Mpumalanga and the Northern Cape. [19]

The AGSA confirms that the primary sources of revenue for municipalities are the rates and taxes paid by property owners and the charges levied on consumers of municipal services, commonly referred to as generated revenue. In addition, municipalities receive funding from national government through conditional grants and an equitable share allocation, the latter specifically designed to subsidise services for poorer, indigent households.

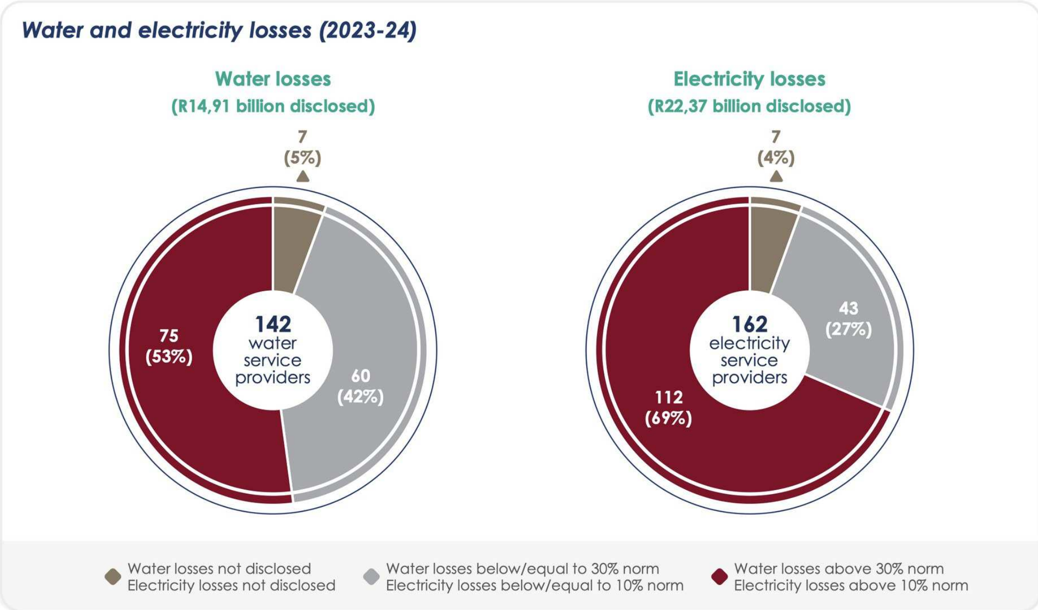
Revenue management in local government is undermined by three persistent challenges:

- Significant revenue losses through water and electricity distribution inefficiencies.
- Consumers not being billed or receiving free basic services despite not qualifying.
- Failure to collect outstanding debts owed to municipalities.

For municipalities that provide water and electricity, losses occur annually and can be categorised as either technical or non-technical. Technical losses are linked to the distribution network and include leaks from damaged pipes, breakdowns in equipment, and energy losses caused by transmission over long distances. These are made worse by ageing and poorly maintained infrastructure. Non-technical losses, on the other hand, stem from theft, incorrect billing, or the complete absence of billing. The values presented in this report reflect both technical and non-technical losses, together representing a significant erosion of municipal revenue. The figure below shows that 53% of municipalities have water losses above the 30% norm and 69% have electricity losses above the 10% norm which has a big impact on revenue management.

Figure 21: Water and Electricity Losses (2023-2024)

[19] Auditor General of South Africa's Consolidated General Report on Local Government Outcomes 2023/2024



Source: Auditor General of South Africa's Consolidated General Report on Local Government Outcomes 2023/2024

The AGSA further reported that 64 municipalities, representing 26% of the total, had material misstatements in the revenue disclosed in their financial statements. These errors arose because not all revenue due was billed, supporting audit evidence for billed amounts was inadequate, or amounts were incorrectly recorded. In addition, 25% of municipalities materially misstated their receivables – the amounts owed by consumers at year-end – largely because they did not have accurate records of what was owed or were uncertain whether these amounts were still recoverable. In many cases, the figures recorded were not reliable.

The management of services to indigent households also emerged as a source of financial strain, with consequences for some of the most vulnerable communities. Several municipalities provided free basic services to households that either did not meet the indigent criteria set by the municipality or no longer qualified. This practice not only distorts financial reporting but also diverts resources away from the households most in need of support.

6.2.4 Information from Section 47 Reports on Revenue Management

Provinces do not share precisely the same information around revenue. The table below sets out what has been shared in the reports.

Province	Revenue information
Eastern Cape	• A total revenue figure was not provided. • A rating scale was used to assess the % own revenue against the total budget. • Excellent was achieved if the municipality's own revenue constitutes 80% or more of the total municipal actual budget figure. Out of 39 municipalities, 4 municipalities achieved this. • Very good was assigned for 60% and 5 municipalities achieved this. • 8 municipalities received good for 40% • 21 municipalities were rated weak which means that less than 40% of their budget is generated by own revenue.

Province	Revenue information
Free State	• 8 out of 23 municipalities did not submit (35%) so the provincial totals could not be used. There were no statistics on % own revenue.
Gauteng	• The aggregated operating revenue grew by 16% from the 2022/23 to the 2023/24 financial years. • Despite the marginally higher revenue an aggregate deficit of R51.1 million was recorded in the 2023/24 financial year. However, this deficit significantly decreased in 2023/24 by 97%, which is very positive.
KwaZulu/Natal	• KZN reported on grant dependence and shared the two extremes of their scale: o 7 municipalities have grants and subsidies constitute less than 30% of their total revenue: o 13 municipalities are more reliant on grant funding where more than 80% of revenue is sourced from grants.
Limpopo	Total municipal own revenue as a % of the budget reduced 72,8% to 50,83% Some reasons offered: • Inability to collect property rates in rural areas remained a challenge • Slow implementation of the audit remedial plans. • Non-compliance with laws and regulations, particularly supply chain management and reporting regarding Unauthorised, Irregular or Fruitless and Wasteful expenditure in terms of MFMA section 32. • Delay in appointment of service providers leading to poor implementation of capital projects. • Late registration of MIG projects. • Reoccurrences of unauthorised, fruitless, and wasteful expenditure in municipalities. • Poor enforcement of debt and credit control policies. • Electricity and water losses contributed to low revenue collection in some municipalities.
Mpumalanga	• Reported too high grant dependency percentages (did not detail) • Actual collection rates are also low. Several municipalities reported collection percentages well below 80%, with some dropping to 60%.
Northern Cape	• Own revenue contributes only a limited share of municipal budgets, with most municipalities heavily reliant on transfers from national government. • Revenue collection rates are low, with residents not paying service accounts, leading to growing debtors and arrears to Eskom, water boards, and other creditors.
North West	• Municipalities are struggling to generate sufficient own revenue and remain heavily reliant on national transfers. • None of the 18 local municipalities achieved the 95% collection norm, with collection rates falling well below the benchmark.
Western Cape	• Most municipalities in the Western Cape consistently achieved 95% or more of actual revenue collection compared to budget in 2023 and 2024. • This reflects realistic budgeting and effective revenue collection systems. • 4 municipalities consistently collected more than their budgeted revenue, suggesting conservative budgeting and strong revenue-generating capacity. These municipalities are better positioned to handle unforeseen expenses and service investments.

Source: Section 47 Reports 2023/2024

6.3 EXPENDITURE

6.3.1 Drivers of Operating Expenditure

Operating expenditure (OPEX) refers to the day-to-day costs of running an organisation or government entity. These are recurring short-term expenses necessary to keep operations going, such as salaries, utilities, maintenance, fuel, and administrative costs. Unlike capital expenditure (CAPEX), which funds long-term assets or infrastructure, operative expenditure does not create future value but instead reflects the ongoing cost of service delivery and business operations. Understanding operative expenditure indicators is important because they provide a clear measure of how effectively a municipality is managing its resources, ensuring that funds are directed towards maintaining services, controlling costs, and sustaining financial health over time.

6.3.2 Information from Section 47 Reports on Expenditure

Provinces report different information making same comparisons impossible. However, insights into what they report on show trends and what is front of mind for them and are shared in table 19 below.

Table 19: Provincial Information on Operating Expenditure

Province	Provincial Information on Expenditure
Eastern Cape	• Excellent was achieved if 90% and above budget utilised. • 8 municipalities obtained this. This is a decrease from last year from 11. • Very good was assigned for 80%-89% and 9 municipalities achieved this. • 10 municipalities received good for 70%-79% and weak for less than 70%, where 9 municipalities received this rating. • 4 municipalities received disclaimers for not submitting information.
Free State	• Operating expenditure places pressure on municipalities, with the largest shares going to employee costs, bulk purchases (electricity and water), and contracted services. • Employee-related costs often exceed the guideline of 30–35% of operating expenditure. • Bulk purchases remain a growing cost driver, especially electricity from Eskom and water boards. • Contracted services further add to expenditure pressures. In some cases, expenditure grew faster than operating revenue, leading to widening deficits. • Several municipalities reported irregular, fruitless, and wasteful expenditure, inflating costs without value.
Gauteng	• The number of municipalities with bulk purchases exceeding employee costs increased to six (6): the City of Ekurhuleni MM at 30%, Rand West City LM at 35%, Merafong City LM at 24%, Mogale City LM at 28%, Emfuleni LM at 31% and Lesedi LM at 29%. The City of Tshwane MM had nearly equal percentages, with bulk purchases at 26% and employee costs at 25%, while Midvaal LM had bulk purchases at 23% compared to employee costs at 22%. These trends reflect the growing impact of higher bulk tariff increases and distribution losses, making bulk water and electricity purchases the main cost drivers for municipal operations. • Achieving greater efficiency in water and electricity provision, as well as ensuring the recovery of associated costs, is crucial for the sustainability of Gauteng municipalities.

Province	Provincial Information on Expenditure
	• Sedibeng DM recorded the highest employee costs at 75% amongst the district municipalities, while West Rand DM reduced their salary bill significantly to 54%, due to ongoing organizational restructuring. • The aggregated approved adjustment capital budget showed a declining trend from R14.1 billion in 2022/23 to R13.5 billion in 2023/24. The aggregated expenditure performance for the 2023/24 financial year was recorded at 84%, which is an improvement from 71% in the 2022/23 financial year.
KwaZulu-Natal	• Operating expenditure is driven by employee costs, bulk purchases (electricity and water), and contracted services. • Employee costs often exceed the 30–35% benchmark. Bulk purchases, especially electricity from Eskom and water boards, are a major cost driver. • Contracted services add further pressure. Revenue underperformance persists while operating expenditure continues to rise. • In some cases, expenditure has outpaced revenue, creating deficits and liquidity issues. • Irregular, fruitless, and wasteful expenditure adds costs without value.
Limpopo	• Employee costs, bulk purchases, and contracted services are the main drivers of operating expenditure. Employee costs often exceed the 30–35% benchmark, reaching around 40% in some cases, and amount to about R13–14 billion provincially. • Bulk purchases, mainly electricity and water, total about R10–11 billion, while contracted services add R5–6 billion**.** Together, employee costs and bulk purchases consume more than half of operating budgets. • Total provincial operating expenditure is about R35–40 billion**,** leaving little room for maintenance or capital investment. Expenditure growth outpaces revenue collection (often below 70%), creating unfunded budgets, liquidity problems, and growing deficits. • Irregular, fruitless, and wasteful expenditure further inflates costs without improving service delivery.
Mpumalanga	• Employee costs, bulk purchases, and contracted services dominate operating expenditure. Employee-related costs remain above the 30–35% benchmark, with provincial totals around R11–12 billion. • Bulk purchases, largely electricity from Eskom and water board payments, amount to about R9–10 billion. Contracted services contribute around R4–5 billion**,** highlighting municipalities' reliance on outsourcing • Overall provincial operating expenditure stands at about R30–33 billion. Employee costs and bulk purchases together consume over half of this budget, leaving limited room for maintenance and infrastructure. • Expenditure growth continues to outpace revenue collection, which often falls below 70% of billed amounts. This results in unfunded budgets, liquidity problems, and rising deficits. Irregular, fruitless, and wasteful expenditure adds further strain without improving services.
Northern Cape	• 24 municipalities had incurred a total of R1,3 billion in unaurhorised expenditures. This was an increase of R8,1 million as compared to the 2022/23 Financial Year. • 9 municipalities had written-off R1,628 billion during the financial year. The total outstanding unauthorised expenditure was R8,104 billion. Table 40 below

Province	Provincial Information on Expenditure
	provides the outstanding amount per municipality as at the end of the financial year. • 12 municipalities had incurred an increase in fruitless and wasteful expenditure during the 2023/24 financial year. The municipalities that incurred the highest amount of fruitless and wasteful expenditure were Tsantsabane, Emthanjeni and Siyathemba Municipalities. • 14 municipalities had incurred a reduction of fruitless and wasteful expenditure during the financial year. The municipalities with the most reductions were Sol Plaatje, Kai !Garib and Gamagara Municipalities.
North West	• The total actual operating expenditure amount to R26 659 414 or 104% against the total operating budget of R25 721 837. • 15 municipalities had spent more than what they had budgeted for.
Western Cape	• Employee-related costs, bulk purchases, and contracted services remain the largest components of operating expenditure. Employee costs are generally better managed compared to other provinces but still hover near or just above the 30–35% benchmark, amounting to roughly R22–23 billion. • Bulk purchases, mainly electricity and water, are around R19–20 billion, making them a major driver of expenditure. Contracted services add another R8–9 billion, reflecting significant outsourcing. • Total provincial operating expenditure is in the region of R55–58 billion. More than half of this is absorbed by employee costs and bulk purchases, leaving limited fiscal space for infrastructure maintenance and new investments.

Source: Section 47 Reports 2023/2024

6.4 CASH MANAGEMENT AND LIQUIDITY

The most common indication of financial distress in a municipality is liquidity challenges. Municipalities with liquidity challenges fail to collect the money owed and lack the resources to pay their short-term obligations. As a result, their outstanding debtors' book are increasing, and because of lack of resources, the creditors are also rising. These municipalities are consequently unable to maintain positive cash flows to pay creditors within the legislated time frame of 30-days.

6.4.1 Cash Balance

Understanding the cash liquidity of municipalities is important because it shows their ability to meet financial commitments and continue operations. Poor cash flow management and weak liquidity risk strategies often result in serious financial problems, which can escalate into crises and lead to municipal dysfunction. According to Section 45 of the MFMA, municipalities may not close a financial year with short-term borrowing or an overdraft. A negative cash balance at year-end is therefore an indication of financial distress.

As with the previous year, in the 2023/24 Section 47 reports, only Gauteng and North West provided information on the cash balances of their municipalities:

- Gauteng reported that all its municipalities closed both the 2023/2024 financial year with positive cash balances.
- North West reported that none of its 22 municipalities had persistent negative cash balances at the end of 2023/24 which was the same as the previous year.

Reliance on these reports is therefore inadequate for producing a picture of local government cash balance.

6.4.2 Cash Coverage Ratio

The cash coverage ratio is a key indicator of a municipality's ability to meet its monthly fixed operational costs. It measures how many months of expenses can be covered by the cash on hand. MFMA Circular 71 sets the benchmark norm for this ratio at 1 to 3 months. A ratio below one month signals potential financial distress, indicating that a municipality's ability to provide basic services or meet its financial commitments is at risk.

According to the AGSA In 2023/24, nearly one in four municipalities (24%) ended the financial year without enough cash on hand to cover even one month of operating costs. This shortfall occurred because they had been spending money they did not actually have throughout the year. As a result, many municipalities function on a hand-to-mouth basis, settling what they can afford each month, with the payment of salaries often taking priority over other obligations.[20]

6.4.3 Current Ratio

The current ratio serves as a measure of whether a municipality has sufficient current assets to cover its short-term liabilities, such as debts and accounts payable. A higher ratio indicates a stronger capacity to meet immediate obligations and sustain operations as a going concern. According to MFMA Circular 71, the acceptable benchmark for this ratio is between 1.5 and 2.0.

When the current ratio falls below 1, it suggests that a municipality may be unable to settle all its short-term commitments if they were to become due simultaneously. This highlights severe financial stress and possible liquidity challenges.

Two provinces reported the current ratios of their municipalities—Gauteng, Limpopo:

- Gauteng reported that all municipalities indicated a current ratio below the norm of 1.5 to 2:1 except for Midvaal LM, and a slight ratio increase is noted in City of Tshwane MM and Mogale City .
- Limpopo uses the quick acid ratio which measures municipality's ability to cover immediate obligations using the most liquid assets excluding inventory. The province had sixteen (16) municipalities with a liquid ratio above 1. These municipalities will be able to cover each R1 of current liabilities. This means 11 municipalities are not able to meet their immediate obligations.

6.4.4 Debt Collection

A municipality's effectiveness in revenue collection and debt recovery plays a crucial role in sustaining healthy cash flow management. A key indicator used to assess this performance is the collection rate, which reflects the proportion of billed revenue that is successfully collected. According to MFMA Circular 71, the benchmark for an acceptable collection rate is set at 95%. Table reports on what the provinces shared in terms of their debt collection positions.

Table 20: Section 47 Reports on Debt Collection

Province	Debtors Analysis
Eastern Cape	• Excellent was achieved if the municipality reports 31% and above of the municipal consumer debtors reduced by the end of the financial year. Only 2 municipalities achieved this.

[20] Auditor General of South Africa's Consolidated General Report on Local Government Outcomes 2023/2024

Province	Debtors Analysis
	• 26 municipalities received the weak rating showing no improvement or worsening of debt collection figures.
Gauteng	• 87% of the total debtors were outstanding for over 90 days.
KwaZulu/Natal	• Year-on year, gross consumer debtors has been growing at an alarming rate from R23.8 billion in 2019 to R54.84 as of billion.
Mpumalanga	• A total sum of R28 642 553 billion was recorded on Municipal Debts for all Municipalities in 2023/24 Financial year compared to R24 605 571 billion in 2022/23. • The outstanding debtors of municipalities continues to increase monthly.
North West	• All eighteen municipalities collected below the expected norm of 95% as of 30 June 2024. • The total debtors for June 2024 amounted to R29 549 789 389.
Western Cape	• Reported strong debt collection of above 90%supports this position. • Still recognise that risks stem from consumer debt, bulk purchase increases, and isolated municipalities with weaker cash management.

A further important metric for assessing a municipality's revenue and cash flow management capabilities is Debtor Days (or Debt Collection Period), which measures the average number of days it takes for a municipality to receive payment from consumers for bills or invoices issued. MFMA Circular 71 sets the benchmark norm at 30 days. Ratios above this level indicate that the municipality is exposed to significant cash flow risk and often reflect weak application of credit control and debt collection policies. The Section 47 reports, where they provide information on this do so in very different ways making a clear across province comparison difficult. The following key trends are highlighted:

- Severe challenges nationwide – The majority of municipalities sit with debtors older than 90 days, especially in Free State, Limpopo, Mpumalanga, North West, and Northern Cape where more than 90% of municipalities fall into this category.
- Better performers – Western Cape and Gauteng show the healthiest spread, with a proportion of municipalities keeping debtor days below 60.
- Provincial extremes:
- Free State, Limpopo, and Mpumalanga: 0% within 60 days.
- Western Cape: highest share (<30 days: 35%), indicating stronger revenue collection.

6.4.5 Creditors

The 2023/24 Section 47 reports confirm a persistent national pattern of late creditor payments, driven by poor revenue collection and high outstanding debtors. Western Cape remains the best performer, with most municipalities complying or close to complying with the 30-day MFMA requirement. Gauteng and North West provide explicit evidence of serious delays, with some municipalities exceeding 300 days. The remaining provinces largely reflect similar difficulties, with creditors frequently unpaid for periods exceeding 60 to 90 days, and in many cases beyond.

Gauteng: The report records that none of the municipalities complied with the 30-day rule. The City of Johannesburg was highlighted with an average creditor payment period of 327 days, while several other municipalities also recorded excessive delays. This points to deep-seated cash flow difficulties, despite Gauteng's relatively stronger revenue base.

North West: As of June 2024, 78% of outstanding creditors were older than 90 days, amounting to approximately R6.7 billion. The report explicitly notes that this is non-compliance with MFMA section 65(e), underscoring the severity of liquidity challenges faced by municipalities.

KwaZulu-Natal: The report stresses that most municipalities fail to comply with the 30-day rule. It highlights that interest is being charged by creditors due to late payments, further aggravating financial distress.

Free State: Similar to KwaZulu-Natal, the report notes that most municipalities fail to comply with the 30-day rule and that creditors are charging interest on overdue accounts.

Western Cape: While the report does not consolidate creditor-days data in the same way as Gauteng or North West, municipalities are generally known for stronger financial management. Most are reported to comply, with the majority paying creditors within or close to the 30-day requirement, although occasional slippage into 30–45 days is acknowledged.

Eastern Cape, Northern Cape, Limpopo, Mpumalanga: The reports either do not present creditor-days data in the available extracts or could not be read in the versions provided. However, the narrative context indicates widespread liquidity problems, with municipalities in these provinces also generally failing to comply with the 30-day rule, often taking longer than 90 days to settle accounts.

6.4.6 Financial Challenges

The following themes occur in every report around municipal financial viability and management:

- **Revenue Collection and Debtors** - A universal challenge is the inability of municipalities to collect revenue effectively. Almost all provinces report that most municipalities have debtor days well over 90, with household debt making up the bulk of what is owed. Weak billing systems, non-payment by households and government departments, and poor enforcement of credit control policies all contribute to ballooning consumer debt and poor cash inflows.
- **Creditor Payment Delays** - Failure to pay creditors within the MFMA-prescribed 30 days is a widespread problem. In some municipalities, creditors remain unpaid for more than 90 days, with Gauteng and North West highlighting extreme cases such as Johannesburg's 327 days and 78% of creditors older than 90 days respectively. Late payments result in interest and penalties, worsening already fragile municipal finances.
- **Liquidity and Cash Flow Constraints** - Many municipalities operate with negative cash balances, making it impossible to meet short-term obligations. Reports note that municipalities often rely on equitable share transfers for survival, leaving little room for developmental spending. Cash flow constraints also limit the ability to respond to service delivery needs and emergencies.
- **Eskom and Water Board Debt** - Overdue accounts with Eskom and water boards are flagged across almost every province. These arrears continue to escalate, with some municipalities locked into repayment agreements that they cannot honour. This results in threats of electricity disconnections and legal action, further destabilising municipal finances.
- **Dependence on Grants** - Many municipalities, particularly in rural provinces, rely heavily on national and provincial grants to fund operations. Equitable share allocations are often the only stable source of income yet are inadequate to cover operating costs. This dependency reflects weak local revenue bases and undermines financial sustainability.
- **Poor Financial Management and Governance** - Audit outcomes show persistent problems with compliance, weak internal controls, and ineffective oversight. Fruitless, wasteful, irregular, and unauthorised expenditure remains high. Several provinces reported declining audit outcomes and a lack of consequence management. Oversight structures such as audit committees and municipal public accounts committees are often present but not functioning effectively.

- **Infrastructure Maintenance and Non-Revenue Losses** - Financial viability is further eroded by high levels of water and electricity distribution losses. Ageing infrastructure, illegal connections, and inadequate maintenance reduce revenues and increase costs. This compounds the financial stress by limiting income from service charges while increasing expenditure.
- **Institutional Capacity Gaps** - The shortage of skilled financial management professionals weakens the ability of municipalities to manage finances effectively. Many rely on consultants for financial reporting and planning, which is not sustainable. Vacancy rates in CFO and other key posts are common, undermining financial planning and accountability.

6.5 AUDIT OUTCOMES

6.5.1 Overview

The Section 134 report is intended to present a consolidated view of the steps taken to respond to matters raised by the Auditor-General of South Africa (AGSA). It highlights interventions designed to strengthen municipalities in order to improve compliance, tighten internal controls, enhance reporting, and deliver services more sustainably. Acting on audit findings is central to promoting sound governance, ensuring financial accountability, strengthening transparency, and driving continuous improvement across the local government sphere. The report also demonstrates the role played by sector departments and reflects the collaborative efforts applied to tackle municipal challenges and boost both financial and non-financial performance. Insights from this report informed the audit outcomes section of the Section 48 Report.

The MFMA Section 134 report draws together actions taken to address AGSA findings, including assessments by provincial MECs for Local Government of how municipalities have responded to these issues, alongside support measures provided by the Department of Cooperative Governance (DCoG). It is designed to be read in conjunction with the Section 48 report of the Municipal Systems Act and is prepared in accordance with Section 134 of the Municipal Finance Management Act (MFMA), No. 56 of 2003.

In terms of Section 131 of the MFMA, MECs must review municipal annual financial statements, audit reports, and the municipal responses to those audits, and evaluate whether shortcomings identified by the Auditor-General have been addressed. This obligation is aligned with Section 47 of the Municipal Systems Act, which requires MECs to compile and submit a consolidated report on municipal performance in their province to both the provincial legislature and the Minister. Section 134 of the MFMA extends this process by mandating the national Minister for local government to report to Parliament—through the Section 48 report—on the actions taken by MECs in addressing AGSA findings. To enable this, the Minister of Cooperative Governance and Traditional Affairs issued formal requests to MECs for their Section 131 reports, which were then consolidated into the MFMA Section 134 report.

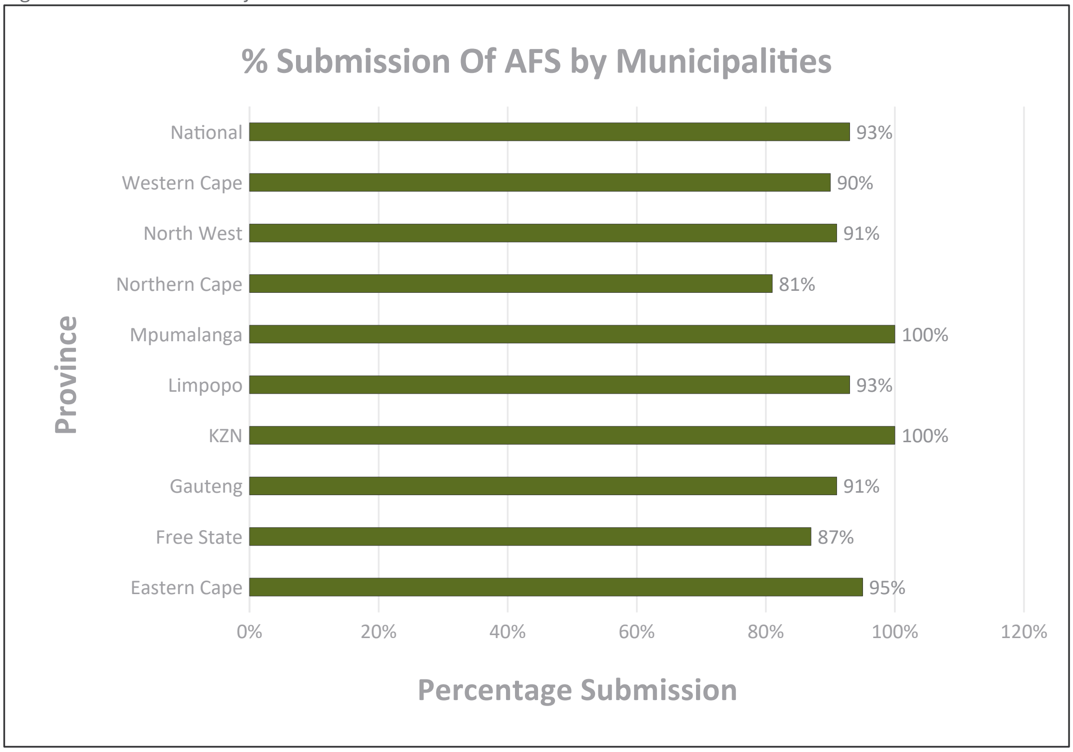
Section 154 of the Constitution of the Republic of South Africa (Act 108 of 1996) obliges national and provincial government to support and strengthen municipalities, through laws and other measures, to manage their affairs effectively and fulfil their powers and functions. Within this framework, the Department of Cooperative Governance, together with its provincial counterparts, plays a critical role in assisting municipalities to put in place robust systems for governance, financial management, performance oversight, infrastructure delivery, service provision, and compliance with legislative requirements.

The MFMA, the Municipal Systems Act, and related prescripts collectively give effect to this constitutional responsibility by ensuring that municipal priorities, plans, budgets, and reporting processes are aligned. Local government action plans and strategies are intended to improve institutional performance, strengthen governance, maintain financial discipline, and ensure long-term service delivery sustainability. Provincial reports compiled in response to the Minister's request form the basis for the consolidated MFMA Section 134 report, which provides a national perspective on the effectiveness of municipal remedial actions in addressing AGSA findings.

6.5.2 Timely submission of Annual Financial Statements

A total of 239 (93%) municipalities submitted the 2023/24 AFS to the Auditor-General. 18 (7%) municipalities failed to submit their AFS by the legislated date. This is a slight improvement on a year-on-year comparison for the last two years where the percentage of timeous submissions has improved from 92% to 93% respectively. Figure 24 below shows the provincial submission percentages.

Figure 22: % Submission by Provinces



Source: MFMA Section 134 Report 2023/2024

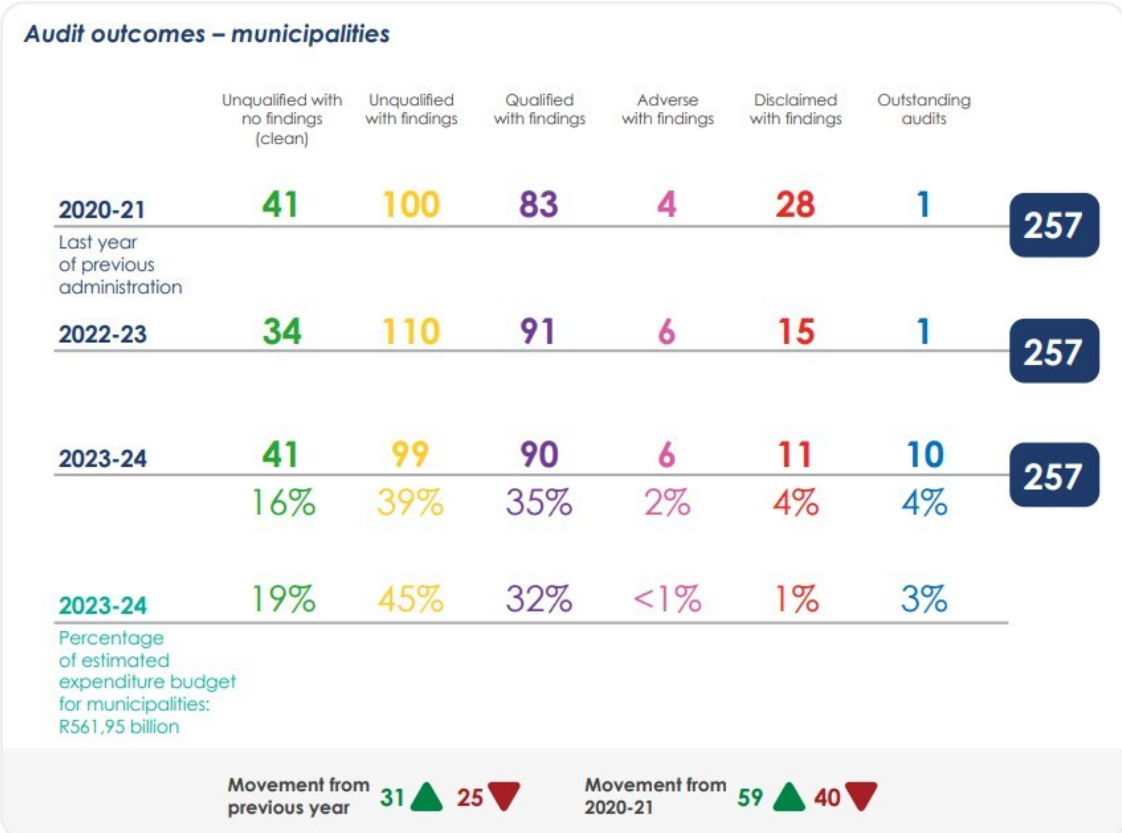
Although the figure of late submission is decreasing, some municipalities have improved and submitted within the legislative timeframe, most of the municipalities who submitted late are new offenders. 13 of the 18 municipalities are new offenders, 5 municipalities have not been submitting the AFS within legislative timeframe for the past 3 consecutive years. The following factors contribute to the late or non-submission of Annual Financial Statements (AFS):

- **Governance-related difficulties:** Instances of political and administrative instability, frequent changes in senior leadership, labour protests, and even the closure of municipal offices have disrupted normal operations.
- **System access problems:** Non-payment of service providers has led to suspension of key financial systems.
- **Backlogs in financial processing:** Certain municipalities have a history of processing transactions outside the approved systems, resulting in delays when capturing large volumes of data retrospectively.
- **Withdrawal of submitted AFS:** In some cases, statements were retracted to correct omissions, reconcile records, or address material discrepancies where adequate supporting documentation was unavailable.

- **Capacity and resource limitations:** Shortages of skilled personnel, reliance on consultants, delays in addressing prior-year issues, and other resourcing challenges hinder timely preparation.
- **Historical non-compliance:** Some municipalities carry forward legacy problems, including overdue audits and a consistent record of late submissions.
- **Technical difficulties:** System glitches during the submission window meant that certain municipalities filed their AFS just after midnight on 1 September 2024, missing the deadline by minutes and thereby falling into the non-compliance category.
- **Lack of explanation:** A number of municipalities have not provided reasons or justifications for their delayed submissions.

6.5.3 Movement in Audit Outcomes

Figure 23: Movement in Audit Outcomes



Source: MFMA Section 134 Report 2023/2024

Figure 25 above shows that during the 2023/24 financial year, the number of clean audits rose from 34 to 41, with 29 municipalities successfully retaining their clean audit status. At the point when the Section 134 Report for 2023/2024 was issued, 10 municipal audits were still outstanding. Consequently, the overall outcomes remain subject to change once these audits are finalised.

6.5.4 Root Causes for Poor Municipal Audit Outcomes

The underlying causes of weak municipal performance include ineffective internal controls, skills shortages and vacancies, leadership instability at both political and administrative levels, weak monitoring of control implementation, poor execution of audit action plans resulting in repeat findings, lack of accountability, inadequate consequence management, poor record keeping, weak infrastructure delivery and maintenance, and high levels of unauthorised, irregular, fruitless and wasteful (UIF&W) expenditure.

- **Governance breakdowns:** Ineffective governance structures undermine oversight, with MPACs failing to adequately investigate or conclude on UIF&W expenditure.
- **Institutional weaknesses:** Municipalities often struggle to appoint suitably qualified officials and delay filling senior posts. According to the AGSA's preliminary 2023/24 municipal audit outcomes, vacancies and instability in key roles such as municipal manager and CFO continue to drive poor performance and weak audit results.
- **Lack of accountability:** Limited enforcement of consequences for poor performance or misconduct perpetuates non-compliance.
- **Financial management gaps:** Shortcomings in financial planning, controls, and reporting remain widespread.
- **Leadership inertia:** Political leadership, oversight bodies, and management structures have been slow to respond to challenges.

6.5.5 Material Irregularity

Figure 24: Material Irregularities 2019-2024

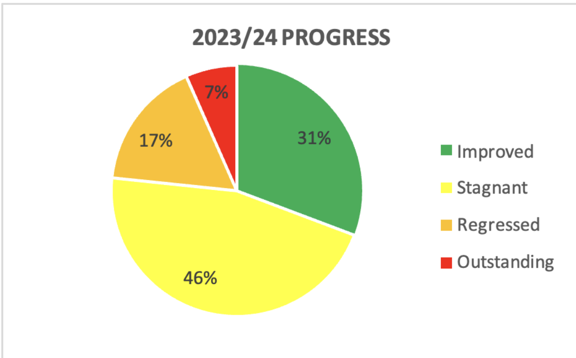
The number of auditees tested for material irregularity increased and resulted in an increase in the number of material irregularity findings from 360 to 446 that was raised and reported by the AGSA. The Minister to note that material irregularity findings raised by the AGSA are resolved when the municipal manager and council has performed their legislative responsibilities in terms of the applicable legislation which include the investigation and recovery of all financial losses, implementation of consequence management and the introduction of preventative controls to mitigate any further losses. 107 municipalities (24%) did not take appropriate actions to address or resolve the material irregularity findings and hence AGSA has invoked its powers, and these were referred to the relevant public bodies for further investigations.

6.5.6 Comparison of Audit Opinions 2022/2023-2024/2024

The figure below shows a comparison between the previous and current year in terms of audit opinions. There has been a growth in the unqualified with no findings which is encouraging.

Figure 25:Comparison of Audit Findings 2022/2023-2023/2024

Comparison of the Audit Opinions		
Opinions	**2022/23**	**2023/24**
Unqualified with no findings	12%	16%
Unqualified with findings	44%	39%
Qualified	32%	35%
Adverse	2%	2%
Disclaimer	5%	4%
Outstanding	5%	4%
	100%	**100%**



6.5.7 Municipalities with disclaimer audits

In 2023-24, eleven municipalities received disclaimer audit opinions. Most of these local municipalities that have repeatedly received disclaimed audit opinions are in the North West, Northern Cape and Eastern Cape.

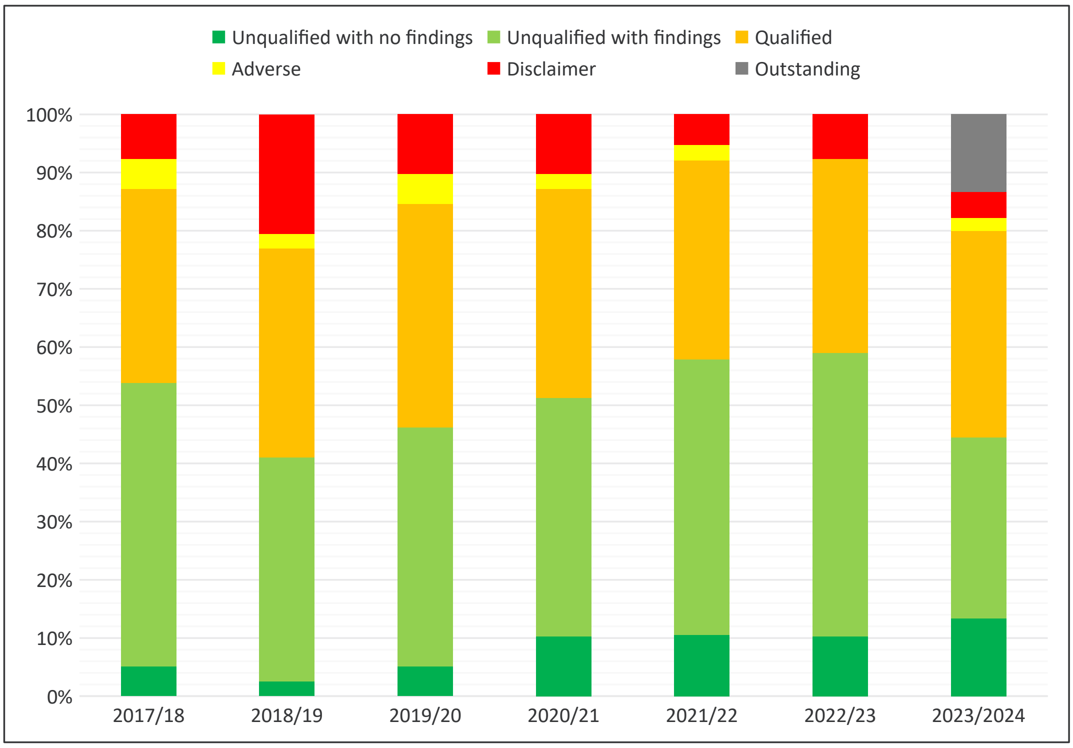
6.5.8 Provincial Overview

This section highlights some of the issues raised by the AGSA, provinces' responses and actions taken on issues raised by AGSA and the support to municipalities to improve the audit outcomes in line with section 131 of the MFMA. The table below illustrate the 2023/24 audit outcomes per province.

6.5.8.1. Eastern Cape Province

The chart below illustrates the trend analysis of the audit outcomes of the municipal audit outcomes. The province has 39 municipalities, 6 municipalities obtained clean audits, 14 unqualified with findings, 16 qualified with findings, 1 adverse and 2 municipalities obtained disclaimer audit opinions. Although there is an increase on clean audits, there is a decrease of 6 unqualified opinions.

Figure 26: Seven-year trend in Eastern Cape Municipal audit outcomes



Source: MFMA Section 134 Report 2023/2024

Reflection by the province on recurring issues and common challenges were:

- Audit outcomes regressed slightly: 5 municipalities improved, 6 regressed.
- Municipalities spent most budgets but failed to meet targets due to poor project management and weak oversight.
- No action taken against underperforming contractors; contract penalties rarely enforced.
- Oversight bodies and councils fail to enforce consequences, undermining accountability.
- Heavy reliance on consultants: 26 municipalities used them annually for 5 years; R144.38m spent in 2023/24 (e.g., Sunday's River Valley spent R11m yet still received a disclaimer).
- IT controls remain weak due to slow management response, resource limits, budget constraints, and lack of skilled staff; decentralised budgets further hinder effective oversight.

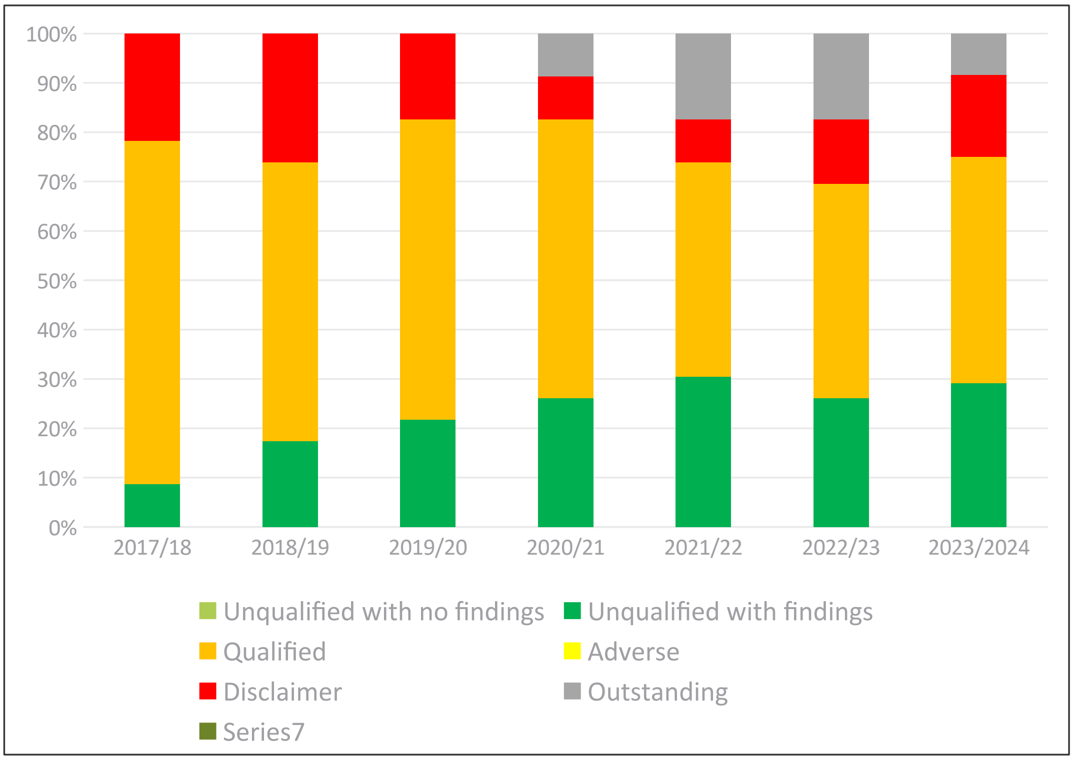
Support interventions by the Eastern Cape Province:

- MEC held engagement sessions with mayors, speakers, MPAC chairpersons, MMCs, accounting officers, CFOs, chief audit executives, and directors.
- Municipalities presented their audit findings and strategies/action plans to improve outcomes.
- Commitments were made to work towards achieving unqualified audit opinions.
- Collaboration with stakeholders (Provincial Treasury and SALGA) on audit improvement initiatives.
- Sharing and learning of best practices encouraged, with weaker municipalities benchmarking against those achieving unqualified audits with no matters

6.5.8.2. Free State Province

The province has 23 municipalities, there is no municipality that obtained unqualified audit opinion with no findings (clean audit) for the past six years, 7 unqualified with findings, 11 qualified with findings, 4 disclaimer and 2 outstanding audits. The province has a history of late submission of the AFS by legislated date and as a result, that has a negative impact on the finalization of the audits and compliance to legislation.

Figure 27: Seven-year trend municipal audit outcome



Source: MFMA Section 134 Report

Reflection by the province on recurring issues and common challenges:

- Municipal leadership, senior management, and officials failed to design, implement, and monitor effective internal control systems and corrective actions.
- Leadership did not act on repeated Auditor-General recommendations or address identified risks.
- Key officials lack financial reporting skills, causing over-reliance on consultants.
- Vacancies and instability in critical positions undermine municipal operations.
- Action plans to address prior audit findings were not adequately implemented.
- Processes and monitoring tools to track legislative requirements and compliance were absent or inconsistently applied.
- Lack of Standard Operating Procedures weakened the application of internal controls.
- Systems to collate and report credible performance information were inadequate.
- Unauthorised, irregular, and fruitless & wasteful expenditure not investigated or tabled at Council in time.
- Contracts amended or extended without Council tabling; weak termination clauses, use of extensions to bypass competitive bidding, and poor contract monitoring.

- Fruitless and wasteful expenditure from penalties and interest on late payments to service providers, Eskom, Water Boards, and SARS.
- Consultants used for routine activities instead of specialised expertise.
- Municipalities that did not upload audit action plans to the National Treasury portal (due to technical or capacity challenges):
    - Letsemeng
    - Nala
    - Dihlabeng

Support interventions by the Free State Province:

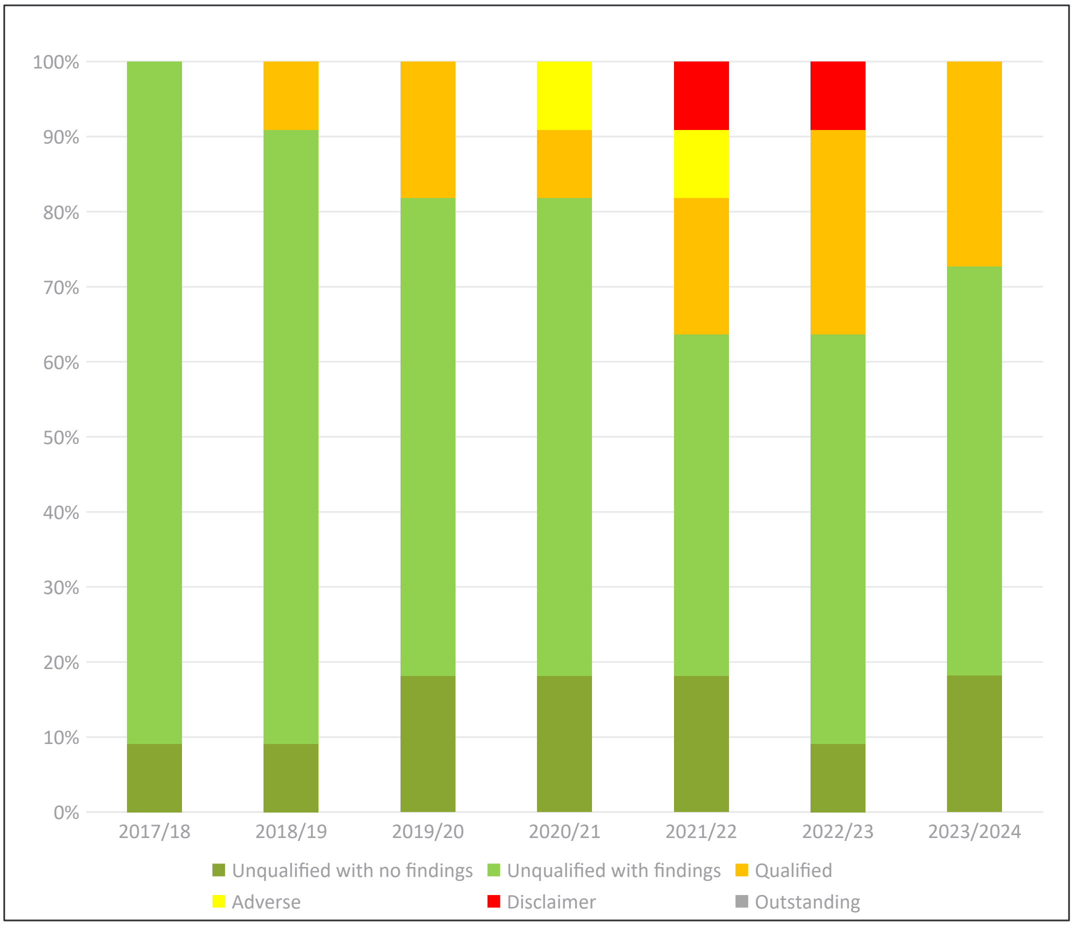
- Provincial Treasury, COGTA, and SALGA developed an Operation Clean Audit Integrated Plan to support clean audit outcomes.
- Key deliverables were aligned to AGSA findings, with proposed actions and targets.
- Provincial Treasury established district forums to assist municipalities with audit action plan implementation.
- Provincial COGTA participates in these forums, focusing on:
- Progress on Audit Action Plans.
- Progress on AFS Preparation Plans.
- Progress on Audit Readiness Plans.
- Status of unauthorised, irregular, fruitless, and wasteful expenditure.

6.5.8.3 Gauteng

The province has 11 municipalities, 2 obtained the unqualified audit opinion without findings (clean audit), 6 unqualified with findings, 3 qualified audit opinion and no disclaimer. Midvaal has managed to sustain clean audit for 6 consecutive years, while West Rand has improved from unqualified audit opinion with findings to clean audit.

Figure 28: Seven -year trend on Gauteng municipal audit outcomes

Section 48 Report: 2023/2024



Source: MFMA Section 134 Report

Reflection by the province on recurring issues and common challenges

- Municipalities continue to struggle to pay creditors within 30 days as required by Section 65(2)(e) of the MFMA, mainly due to financial constraints.
- Some progress made in investigating unauthorised, irregular, fruitless and wasteful expenditure and in establishing disciplinary boards, but implementation of consequence management remains slow.
- 73% of municipalities did not demonstrate timely and effective consequence management as required by the MFMA and its regulations.
- Slow implementation of internal audit, AGSA recommendations and municipal action plans has resulted in recurring audit findings, including:
  - Restatement of comparative amounts.
  - Revenue and expenditure management.
  - Material impairments and uncertainties.
  - Procurement and contract management.
  - Consequence management.
  - Non-payment of creditors within 30 days.
  - Misstatement of AFS.
- 8 out of 11 Gauteng municipalities (73%) face material water and electricity distribution losses above National Treasury norms due to theft, vandalism, faulty meters, leaks and illegal connections, impacting service delivery.

- Poor document management has caused delays or failure to provide information requested during audits, leading to scope limitation findings.
- Expenditure management remains a major challenge as most municipalities fail to pay creditors on time.
- Wastewater treatment plants have recurring issues with maintenance and safeguarding, largely due to vacancies and budget constraints, raising risk of escalation to material irregularities.

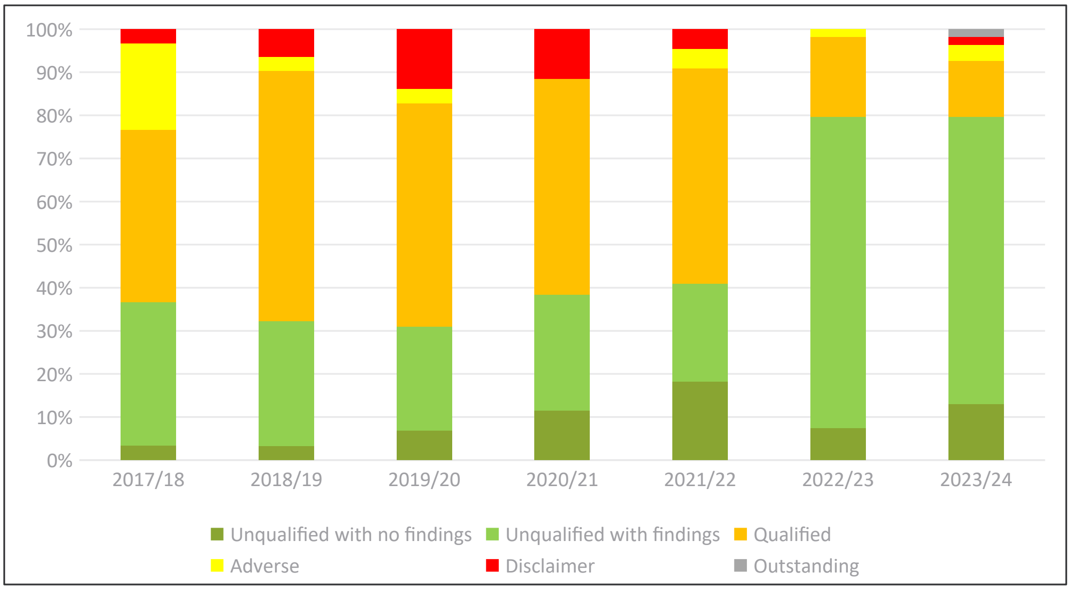
Support Interventions:

- SALGA technical experts are supporting Merafong City LM to improve 2024/25 audit outcomes by reviewing records and audit readiness, ensuring SCM compliance, addressing irregular expenditure, assessing internal controls, and developing Standard Operating Procedures.
- AGSA, together with CoGTA, GPT, and SALGA, convenes Audit Preparation Workshops to improve the quality of submitted AFSs and APRs, aiming for clean audits on financial and performance information.
- CoGTA, with AGSA, SALGA, and National and Provincial Treasury, provides advisory support through Municipal Operation Clean Audit steering committees chaired by Municipal Managers or CFOs to monitor audit response plans.
- The Provincial Support Team (CoGTA, Gauteng Treasury, SALGA) supports municipalities during audits by participating in AGSA-led audit steering committee meetings and providing technical assistance with RFIs to avoid scope limitations.
- The Provincial Support Team also assists municipalities in responding to COMAFs, ensuring appropriate responses to AGSA findings and corrective actions for internal control deficiencies.
- CoGTA and Gauteng Provincial Treasury established a Government Debt Management Committee to expedite payment of outstanding debts owed to municipalities by national and provincial departments, with quarterly oversight meetings to track progress.

6.5.8.4. KwaZulu-Natal

The province has 54 municipalities, 7 obtained unqualified audit opinion without findings (clean audits), 36 unqualified with findings, 7 qualified audit opinion, 2 adverse and 1 disclaimer and there is 1 outstanding audit.

Figure 29: Seven-year trend in KZN Municipal Audit Outcome



Source: MFMA Section 134 Report

Reflection by the province on recurring issues and common challenges

- Audit issues decreased from 652 (2022/23) to 601 (2023/24), an 8% reduction across 54 municipalities.
- Some categories increased due to more adverse/qualified opinions, SCM non-compliance, Division of Revenue Act breaches, and internal control weaknesses.
- Common findings included:
    - Material debt impairment
    - Weak Annual Financial Statements
    - Procurement and contract management failures
    - Adjustments to performance information
    - UIF&W expenditure
    - Restatement of figures
    - Weak consequence management
    - Water and electricity losses
    - Poor internal control oversight
    - Late creditor payments (beyond 30 days)
- Root causes: poor record-keeping, weak information systems, inaccurate data, internal control breakdowns, and limited GRAP technical skills.
- Municipal deficits rose slightly: 15 municipalities (24%) in 2023/24, up from 13 in 2022/23
- 13% of municipalities misused conditional grants for operations, risking recall by National Treasury.
- Unauthorised expenditure: 36 municipalities (down from 37) due to weak budgeting and poor financial discipline.
- Irregular expenditure: 49 municipalities (unchanged), linked to SCM breaches such as missing quotations, poor bidding, and contract flaws.
- Fruitless and wasteful expenditure: 38 municipalities (up from 31), mostly from late payment penalties and poor value-for-money spending.
- Spending on contracted services and consultants increased to R13.4 billion in 2023/24 (R11.7 billion in 2022/23).

Support Interventions

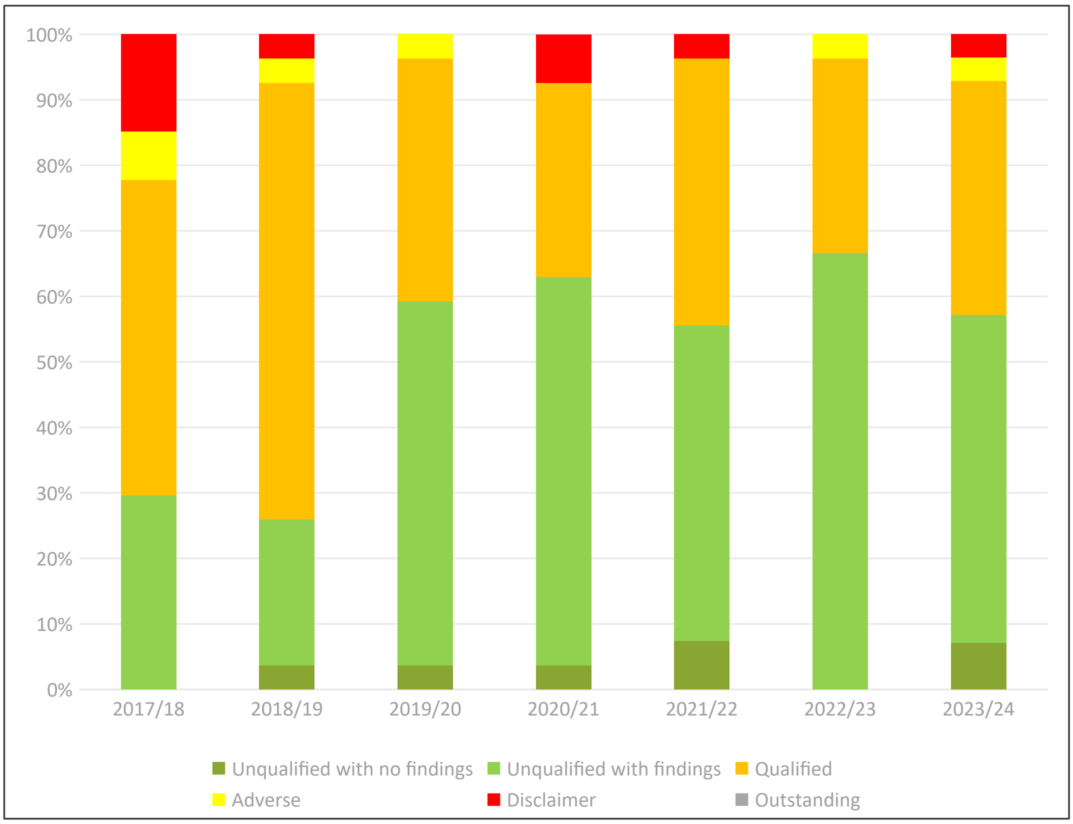
The Department of Cooperative Governance and Traditional Affairs together with Provincial Treasury and SALGA developed an audit outcomes turnaround plan based on the 2022/2023 audit outcomes of municipalities. The support interventions provided by the Department of Cooperative Governance and Traditional Affairs sets our priority actions of the Department in support of municipalities towards the achievement of improved audit outcomes. These were included in the Department's annual performance plan for the 2023/2024 financial year and is audited by the Auditor-General (SA). Current support intervention activities include:

- Implementation of audit response plans and audit support.
- Assistance in developing post-audit action plans with technical advice and guidance.
- Audit readiness support for preparation of annual financial statements.
- Review of draft annual financial statements.
- Payment voucher audits at targeted municipalities.
- Assessment of functionality and effectiveness of audit committees.
- Monitoring implementation of internal audit and municipal audit improvement plans.
- Support to reduce unauthorised, irregular, fruitless and wasteful expenditure.
- Revenue enhancement strategies for targeted municipalities.
- Support to improve collection of government debt.
- Alignment of IDP, SDBIP and organisational scorecards.
- Quarterly performance assessment reviews.
- Reduction of AG findings on performance information and material misstatements.
- Support to municipalities with negative audit outcomes to fill key leadership posts for stability.
- Monitoring consequence management for senior management in line with disciplinary regulations.
- Enforcement of recommendations from forensic reports to strengthen governance and accountability.
- Coordination of capacity-building interventions to meet sector needs.
- Facilitation of Eskom and Water Board debt payments through municipal financial and payment plans.
- Support to municipalities with negative performance audit outcomes to strengthen performance management.
- Monitoring and support for municipal performance monitoring and reporting reforms.
- Establishment of a provincial local government M&E forum as a learning and best practice platform.

6.5.8.5. Limpopo

The province has 27 municipalities, 2 municipalities obtained unqualified audit opinion without findings (clean audits), 14 unqualified with findings, 10 qualified audit opinion, 1 disclaimer and none of the municipalities received adverse opinion and there are no outstanding audits.

Figure 30: Seven-year trend in Limpopo Municipal Audit Outcome



Source: MFMA Section 134 Report

Reflection by the province on recurring issues and common challenges

Many municipalities relied on consultants to compile annual financial statements and fixed asset registers due to capacity gaps and vacant CFO posts. Consultants were also engaged for specialised services, yet the Auditor-General found that the quality of financial statements remained poor, with material misstatements identified even where consultants were used. Almost all municipalities had to modify their financial statements, highlighting systemic weaknesses. Key recurring issues included:

- Poor quality of annual financial statements, with widespread material misstatements and limitations.
- Procurement and contract management failures, such as unjustified deviations, non-compliance with bidding processes, and inadequate declarations of interest.
- Weak consequence management, with unauthorised, irregular, and wasteful expenditure not adequately investigated.
- Strategic planning and performance information that was unreliable and not useful.
- Accounting weaknesses such as misstated payables, understated interest income, unrecognised capital commitments, failure to account for impairments, incomplete revenue records, undisclosed contingent liabilities, and inadequate audit evidence.
- The Auditor-General also flagged material irregularities, including:
- Payments made for goods and services not received

- Mismanagement of landfill sites, causing public harm and environmental risks
- Unverified water tanker expenditure and lack of asset safeguarding
- Failure to prevent pollution at wastewater treatment plants
- Misuse of municipal assets for unintended purposes
- Customers not billed for water services in certain municipalities.

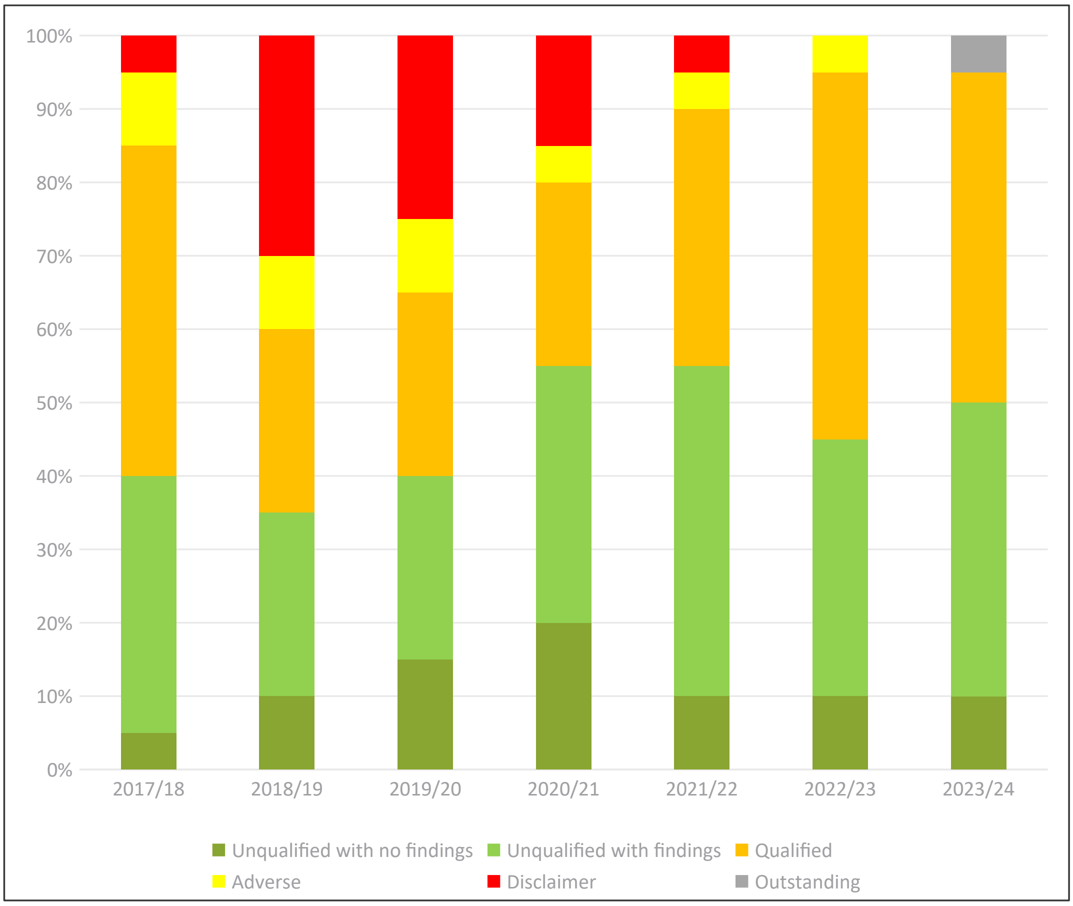
Support Interventions

- Heavy reliance on consultants for financial reporting, yet poor quality annual financial statements with widespread material misstatements persisted.
- Weak procurement practices, including unjustified deviations, poor bidding processes, and conflicts of interest.
- Lack of consequence management, with unauthorised and wasteful expenditure not investigated.
- Unreliable performance information and weak strategic planning.
- Accounting deficiencies: misstated payables, understated revenue, unrecorded commitments, failure to recognise impairments, incomplete records, and poor audit evidence.
- Material irregularities: payments for goods not received, landfill mismanagement causing public harm, unverified water tanker expenditure, pollution at wastewater plants, misuse of assets, and failure to bill customers for services.

6.4.8.6. Mpumalanga

The province has 20 municipalities, 2 unqualified audit opinions without findings (clean audits), 8 unqualified with findings, 9 qualified audit opinions and none of the municipalities received adverse or disclaimer and there is 1 outstanding audit.

Figure 31: Seven-year trend in Mpumalanga Municipal Audit Outcome



Source: MFMA Section 134 Report

Reflection by the province on recurring issues and common challenges

- Municipalities have not fully implemented audit action plans, leading to weak internal controls and repeat findings.
- Several findings from 2023/24 remain unresolved, with incomplete or delayed implementation.
- Only about half of total findings have been addressed; some not yet started or excluded from action plans.
- Root causes identified in some cases do not address underlying issues, resulting in recurring findings.
- Some audit action plans are not yet approved by councils, or implementation is delayed until year-end, limiting effectiveness.
- Certain districts recorded the majority of findings, with Gert Sibande the highest, followed by Ehlanzeni and Nkangala.
- Implementation of audit action plans has begun, but progress remains slow.

Support Interventions

The plan highlights the following support interventions:

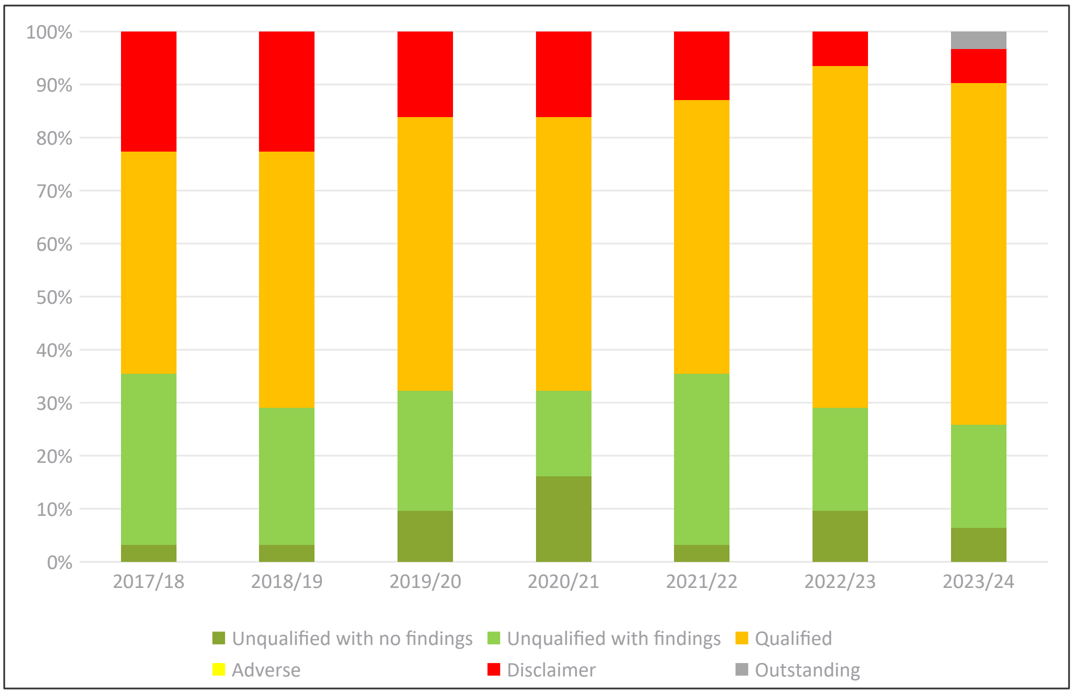
- Oversight, AFS quality and control environment, submission of AFS, unfunded budgets, revenue enhancement, cost of services/contract management, administrative capacity, infrastructure planning, records management, anti-corruption, audit findings.

- The strategic focus areas include: Establishment of governance structures, UIF&W reduction, adoption of policies/by-laws, filling critical vacancies (incl. sec 56), systems of delegation, effective oversight, involvement of strategic partners (DBSA, Sasol), close monitoring by HODs, alignment with District Development Model.
- Pre-conditions for support: Enforce performance management (sec 54/56) with audit clauses in contracts, consequence management, functional governance structures, staff availability for training/technical support, use of PT/COGTA to appoint consultants with skills transfer, effective use of finance interns, political/administrative buy-in, credible UIF&W reduction plans and audit action plans approved by council.

6.5.8.7 Northern Cape

The province has 31 municipalities, 2 unqualified audit opinions without findings (clean audits), 6 unqualified with findings, 20 qualified, no adverse, 2 disclaimers and 1 outstanding audit. There has been a slight regression on municipalities obtaining clean audits in the province for the past two consecutive years, with a reduction from 5 in 2020/21, 4 in 2021/22, 3 in 2022/23 to 2 in 2023/24.

Figure 32: Seven-year trend in Northern Cape Municipal Audit Outcomes



Source: MFMA Section 134 Report

Reflection by the province on recurring issues and common challenges

- Weak leadership and lack of ethical culture undermine internal control, oversight, and governance.
- Senior management often fails to maintain strong financial and performance reporting systems.
- Risk management, internal audit, and audit committees are ineffective or underutilised.
- Human resource gaps: insufficient skilled staff, poor performance management.
- Limited focus on ICT and poor record keeping weaken reporting and accountability.

- Audit action plans are not effectively used to address internal control weaknesses.
- Basic financial disciplines (daily/monthly reconciliations, compliance monitoring) are lacking.
- Main reasons for qualified/disclaimer opinions: inadequate audit evidence, poor GRAP compliance on capital assets, weak information systems, inaccurate data, breakdown of controls, lack of technical skills, legislative non-compliance, and poor receivables/payables management.
- Annual performance reports often unreliable due to poor record keeping and insufficient supporting evidence.

Support Interventions

- Provincial leadership and the Auditor-General held multiple workshops in 2024 to identify focus areas and improve municipal audit outcomes.
- Operation Clean Audit Committee engaged municipalities and tracked progress through follow-up sessions.
- Emphasis placed on changing leadership culture and strengthening provincial oversight to set the right tone.

6.5.8.8. North West

The province has 22 municipalities, there is no municipality that obtained unqualified audit opinions without findings (clean audits), 3 unqualified with findings, 13 qualified audit opinion, 2 adverse and 3 disclaimer and there is 1 outstanding audit. An overall improvement has been noted as the number of qualified opinions has increased by from 12 to 13 and the disclaimers have reduced by from 5 to 3 Municipalities in 2023-24.

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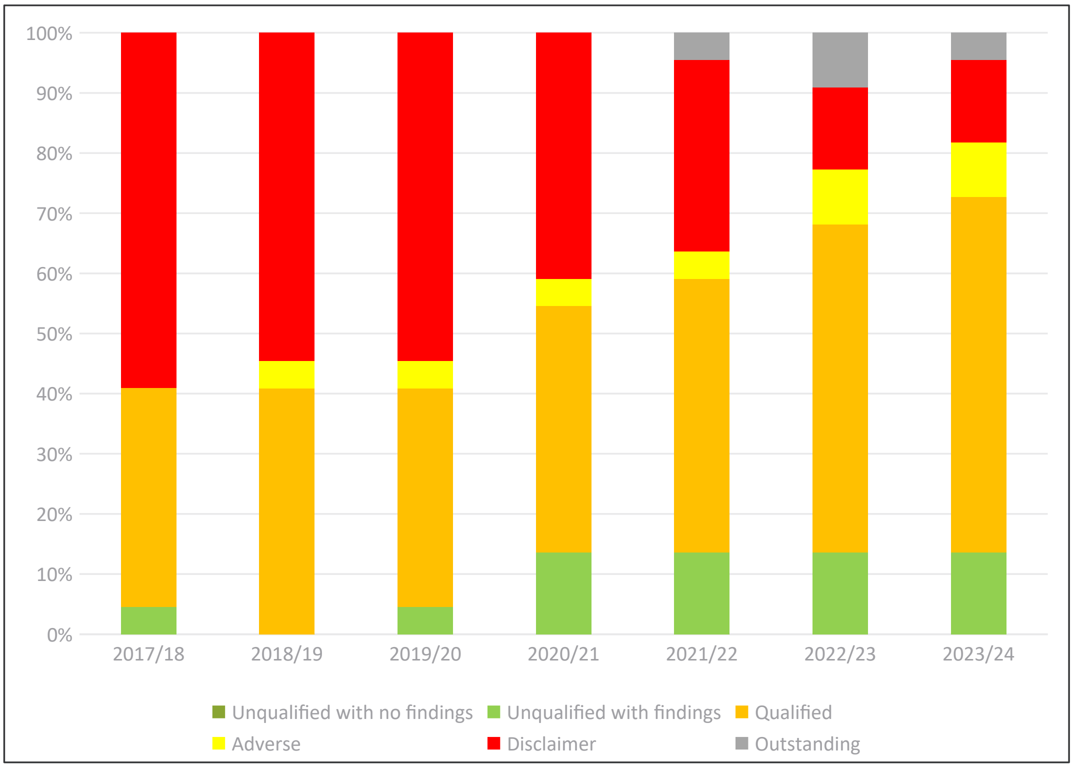
Figure 33: Seven-year trend in North West Municipal Audit Outcomes



Source: MFMA Section 134 Report

Reflection by the province on recurring issues and common challenges

- Lack of consequence management
- Political instability
- Annual financial statements with material misstatements
- Failure to address prior year findings
- Poor record keeping
- Weak monitoring and evaluation
- Inadequate financial management
- Assets not safeguarded
- Failure to collect own revenue
- Non-implementation of policies and procedures
- Inability to reduce unauthorised, irregular, and wasteful expenditure
- Late payment of creditors
- Failure to address material irregularities raised by AGSA
- Poor contract management

Support interventions

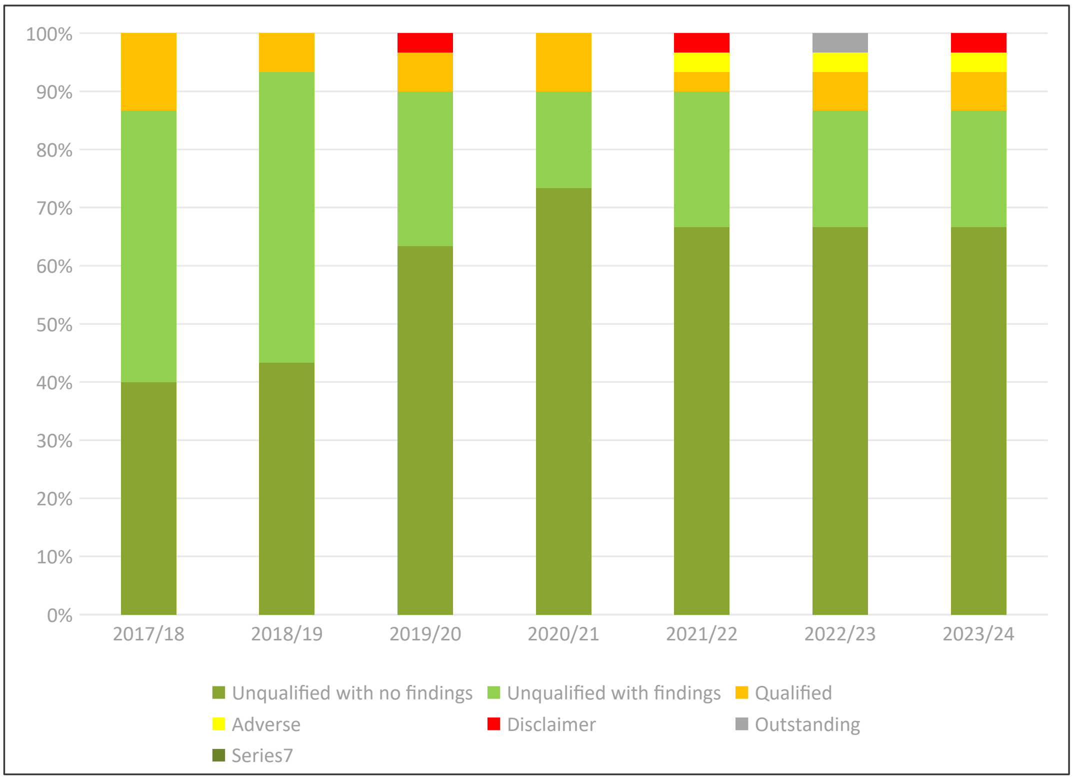
- Provincial government (COGTA, Treasury, SALGA) launched a clean audit project to support Moretele, Dr. Kenneth Kaunda, and Bojanala municipalities in achieving clean audits.
- Targeted support provided to municipalities with qualified and disclaimed audits:
  - Moses Kotane and Kagisano Molopo supported to move towards unqualified outcomes
  - Ratlou and Lekwa-Teemane supported to progress from disclaimer to qualified outcomes

- Monthly quadrilateral meetings between AG, SALGA, Treasury, and COGTA established to resolve issues hindering improved audit outcomes

6.5.8.9. Western Cape

The province has 30 municipalities, 20 obtained unqualified audit opinions without findings (clean audits), 6 unqualified with findings, 2 qualified audit opinion, 1 adverse,1 disclaimer and there is no outstanding audit.

Figure 34: Seven-year trend in Western Cape Municipal Audit Outcomes



Source: MFMA Section 134 Report

Reflection by the province on recurring issues and common challenges

- Decline in service delivery is reflected in Auditor-General findings, eroding community trust and investor confidence.
- Root causes include weak leadership and conflicting agendas within councils and administrations.
- Emerging coalition politics at local government level not matched by mature systems and governance arrangements.
- Oversight structures designed for stable democracies struggle to function effectively in unstable environments.
- Difficulty attracting and retaining skilled senior managers, especially municipal managers, in rural areas, leading to shortages in technical fields like engineering, planning, finance, and law.
- Over-regulation and heavy compliance focus hinder service delivery and stifle innovation due to fear of sanctions and negative audits.

- Misaligned financial years between spheres of government complicate project implementation and multi-year budgeting.
- Some municipalities (Cederberg, Stellenbosch, Theewaterskloof) have not uploaded 2023/24 Audit Action Plans to the National Treasury system.

Support Interventions

- Regular engagements held throughout the year (e.g., CRO and CAE forums, Management Accounting Forum, Accounting Working Group, Municipal Managers Forum, Public Sector Accounting Forum, ICT Governance Forum) to share updates and alert municipalities on issues affecting audit outcomes.
- Continuous ICT governance support provided to municipalities through:
    - ICT audit support plans
    - Rollout of corporate governance of ICT policies
    - ICT maturity assessments and professional advisory support
    - Quarterly ICT Managers Forums on MSCOA, audit outcomes, POPIA, broadband, etc.
    - ICT forensic investigations in partnership with the Department of the Premier
- Collaboration between DLG and Provincial Treasury has strengthened governance and contributed to improved audit outcomes, reflected in the growth of unqualified audits in the Western Cape.

6.5.9 DCOG Response to AGSA's Considerations

The Department will provide professional support to help municipalities improve audit outcomes, focusing on governance, financial health, institutional capacity, and service delivery as highlighted by AGSA. Audit action plans in selected municipalities will be reviewed for accuracy, adequacy, and whether they effectively address root causes of findings. To tackle persistent shortcomings and weak performance, the Department is finalising a Municipal Performance Turnaround Plan (MPTP) following a Cabinet resolution of 21 August 2024. An Inter-Ministerial Committee has been established to oversee its implementation through short-, medium-, and long-term measures.

6.5.10 Support Interventions by National Government

Table 21 below sets out the support interventions by National government set out for 2023/2024:

Table 21: Support Interventions by National Government

Theme	Support
Strengthening governance and accountability	• Municipal Structures Amendment Act empowers MPACs to address AGSA issues. • National forum established to monitor MPACs, Council Committees, and councillor conduct. • Forum includes National Treasury, SALGA, and provincial counterparts.
Implementation of the audit action plan	• Support municipalities in developing and implementing audit action plans. • Assess adequacy of plans and whether they address AGSA findings and root causes. • Provide technical support on records and revenue data management.

Theme	Support
	• Aim to improve billing accuracy, maximise revenue, and reduce audit findings.
Full and proper records keeping	• Poor record keeping linked to disclaimers and lack of accountability. • 30 municipalities supported through a records management project. • Focus on compliance with NARSSA requirements.
Improvement of data management for appropriate billing	• Accurate billing data central to revenue management. • Service providers appointed for data management in 18 municipalities. • Technical support provided to 8 municipalities in 2023/24. • Goal: improve billing accuracy, reduce leakages, grow revenue.
Strengthening institutional capacity	• Over-reliance on consultants linked to capacity gaps. • Municipal Staff Regulations prescribe minimum competencies. • Prototype staff establishment project rolled out. • Additional support: valuation rolls, skills audits, recruitment, MPACs, Code of Conduct, capacity building strategy, review of support strategies, Results Management Office with specialists in distressed municipalities.
Collaboration with strategic stakeholders	• Governance improvements require collaboration. • MOUs signed with CIGFARO, National Archives, SALGA and AGSA. • Joint planning and coordinated support essential for impact.

7. GOOD GOVERNANCE AND PUBLIC PARTICIPATION

7.1 OVERVIEW

This section looks at the following indicators:

Ward committees and public participation

- The establishment of ward committees
- Functionality of ward committees
- Operational plans submitted
- Number of wards where councillors have convened community meetings

Functionality of Council Structures, Oversight and Accountability

- Functionality of Municipal Public Accounts Committees (MPACs)
- Functionality of Audit committees and internal audit units
- Functionality of other committees (Section 79 and 80)
- Anti-corruption and fraud prevention (existence of policy and strategy)

Intergovernmental Relations

- Section 139 interventions
- Functionality of IGR forums

7.2 WARD COMMITTEES AND PUBLIC PARTICIPATION

According to Section 16 of the Municipal Systems Act (as amended) and Section 72 of the Municipal Structures Act, 117 of 1998, every municipality is required to establish ward committees to act as vehicles for community participation in municipal governance. Across provinces, ward committees have generally been established, though functionality levels vary significantly. The Eastern Cape shows strong establishment and functionality with only minor weaknesses. In the Free State, coverage is uneven, with some municipalities below 50% and limited reporting on meetings. Gauteng has seen a sharp decline in both establishment (from 88% to 66%) and the number of meetings (from 3,225 in 2022/23 to 981 in 2023/24), raising sustainability concerns. KwaZulu-Natal reported the highest number of ward committees, though only 73% were functional. Limpopo and the Northern Cape reported full or near-full establishment and high functionality. Mpumalanga also achieved full establishment, but functionality was lower at 80%. The North West had 100% establishment, but functionality was weak overall, with only Maquassi Hills demonstrating full compliance. In the Western Cape, nearly all wards had committees, but functionality was at 77%, reflecting room for improvement.

Table 22: Ward Committees Established and % Functional

Province	Ward Committees Established	Functional Ward Committees
Eastern Cape	28 at 100%; 1 at 90%; 1 at 80%; 2 below 80%	Excellent: 28; Very Good: 2; Good: 0; Weak: 1; Disclaimer: 0
Free State	9 municipalities reported; range from 100% to <50%	All 9 functional; only 6 municipalities reported meetings

Province	Ward Committees Established	Functional Ward Committees
Gauteng	355/529 (66%) – down from 88% in 2022/23	89% functional
KwaZulu-Natal	1,691	1,233 (73%)
Limpopo	568 (100%)	559 (98.4%)
Mpumalanga	400 (100%)	318 (80%)
Northern Cape	232 (100%)	230 (99%)
North West	100%	Mixed functionality: only 12 committees met 4 meetings per year
Western Cape	404/405 (99.7%)	311 (77%)

Source: Section 47 Reports 2023/2024

Across all nine provinces, community development workers (CDWs) are consistently recognised as a valuable bridge between municipalities and citizens, yet their role is marked by both potential and constraint. Provinces acknowledge that CDWs strengthen public participation, support ward committees, and link communities with municipal structures. At the same time, common weaknesses are repeated across the reports: integration with ward committees is poor, mandates overlap with those of councillors, and municipalities often provide inadequate resources such as transport, stipends, and training. Monitoring and evaluation of CDWs remains weak, with little systematic tracking of outputs or impact. The Western Cape is identified as comparatively stronger in institutionalising CDWs, while provinces such as KwaZulu-Natal and Mpumalanga highlight their importance in rural engagement but also stress serious gaps in support. The overall picture is of an underutilised resource that requires clearer definition, greater resourcing, and closer alignment with municipal planning and oversight processes.

In the **Eastern Cape**, the Section 47 report points to persistent underperformance of CDWs. Many municipalities do not integrate them fully into ward committee systems, leaving their contribution fragmented. While CDWs are present in communities and do play a role in facilitating meetings, their impact is blunted by poor coordination with councillors and ward structures. A lack of resources and transport is repeatedly cited as a barrier to them fulfilling their mandate.

In the **Free State**, institutional weaknesses are even more pronounced. Only a handful of municipalities have functional complaints management systems, which affects how CDWs can channel issues raised by residents. The report describes CDWs as operating in silos with limited connection to ward committees, which undermines their purpose. They are often reduced to information dissemination roles rather than being empowered to help communities solve problems or hold municipalities accountable.

In **Gauteng**, CDWs are visible but unevenly deployed across municipalities. In some cases they are well integrated into participation systems, while in others their work simply duplicates the functions already assigned to ward committees. The key concern raised is the lack of role clarity between CDWs, councillors, and ward committees. Without sharper lines of responsibility, CDWs risk being sidelined or misused.

KwaZulu-Natal presents CDWs as central to strengthening ward committees, particularly in rural municipalities. They are described as an important link between the community and local government. Yet the report also points to systemic challenges, including delays in stipends, insufficient resources, and weak reporting structures. These constraints undermine their otherwise important function in bridging communities and municipal administration.

In the **Northern Cape**, CDWs are present in most municipalities but remain under-utilised. The report suggests that they are often confined to mobilising communities for meetings or campaigns rather than being integrated into deeper governance processes. Municipalities fail to include CDWs systematically in IDP reviews or oversight structures. The recommendation is that capacity building and clearer alignment of CDWs with municipal structures are urgently required.

The **Western Cape** provides a somewhat stronger example of institutional support for CDWs. Here, they are presented as part of a whole-of-government approach to community participation. In several districts they work alongside provincial outreach initiatives and are capacitated to engage communities more actively than in other provinces. Nevertheless, there is still variation, with some CDWs highly active in public education and service facilitation while others remain largely inactive.

In the **North West**, CDWs are acknowledged for their role in community facilitation and reporting issues to municipalities. However, the main challenge identified is the lack of monitoring systems to track their outputs. Overlaps with ward councillors are also common, with a blurred line of accountability. The report calls for clearer guidelines to delineate their functions and ensure that their work adds value rather than duplicating existing roles.

Mpumalanga notes that while every municipality has them, their effectiveness varies. They are valued as liaisons between the community and the state, but their role is undermined by weak integration with ward committees, inadequate oversight, and poor institutional support. In some areas, CDWs are reduced to the role of mere messengers rather than being empowered facilitators of participation.

In **Limpopo**, CDWs are also recognised as an important component of public participation structures. The problem lies in their shortage relative to population size and in poor institutional support, which leaves them unable to escalate community issues effectively. The report concludes that CDWs need to be better aligned with integrated development planning and ward committee processes if they are to make a meaningful contribution to governance.

7.3 FUNCTIONALITY OF COUNCIL STRUCTURES, OVERSIGHT AND ACCOUNTABILITY

7.3.1 Comparison of MPAC Functionality Across Provinces (2023/24)

The Municipal Public Accounts Committee (MPAC) is a council committee established in all municipalities to strengthen oversight and accountability in local government. It is similar in role to the Standing Committee on Public Accounts (SCOPA) in Parliament.

MPAC’s primary responsibility is to scrutinise the financial and performance management of municipalities, ensuring that public funds are spent lawfully, effectively, and for their intended purpose. The committee reviews annual reports, audit outcomes, and instances of unauthorised, irregular, fruitless, and wasteful (UIFW) expenditure, and makes recommendations to the municipal council.

The importance of MPACs lies in their role of promoting transparency, accountability, and good governance. Where they function effectively, MPACs help improve service delivery, strengthen financial discipline, and restore public trust in municipalities. Weak or non-functional MPACs, on the other hand, undermine accountability and contribute to recurring governance and audit failures. The table below provides a provincial comparison on the functionality of MPACs by looking whether a functional MPAC exists, the number of meetings held and the submission of MPAC reports to Council.

Across the nine provinces, the functionality MPACs varies significantly. In the Eastern Cape, there is no reporting on MPACs, with only a general statement of their importance noted. The Free State reported the existence of MPACs in nineteen municipalities, with meetings generally taking place quarterly, although reporting on their work remains inconsistent. Gauteng established eleven MPACs, which meet quarterly and have submitted reports, although oversight remains moderate and challenged.

KwaZulu-Natal reported that all municipalities had functional MPACs, which met quarterly and tabled reports at their meetings, with overall oversight considered good. In Limpopo, all twenty-seven municipalities established MPACs, holding two hundred and twenty-three meetings during the year, delivering strong oversight outcomes. Mpumalanga also reported all municipalities had MPACs, but while they generally meet quarterly, reporting has been irregular, with challenges linked to capacity and understanding.

The Northern Cape noted that all thirty-one municipalities had established MPACs, but functionality was very mixed, with no consistent reporting on meetings or oversight. In the North West, only eleven of the twenty-two municipalities submitted oversight reports, a sign of weak accountability and governance. The Western Cape reported full establishment of MPACs across thirty municipalities, with quarterly meetings and reports submitted, describing oversight as good.

Overall, while some provinces such as Limpopo and the Western Cape demonstrate strong MPAC structures, others like the Eastern Cape, Northern Cape, and North West reveal critical weaknesses in functionality, reporting, and oversight.

Table 23: Status and Functionality of Provincial MPACs

	MPAC Status	MPAC Meetings	MPAC Reports	MPAC Oversight
Eastern Cape	Not reported	Not reported	Not reported	States their importance
Free State	19 municipalities reported MPACs exist	Quarterly (in functional units, some provided dates)	Not reported	Not reported
Gauteng	11 established	Quarterly	100% submitted	Moderate, with challenges
KwaZulu-Natal	All municipalities reported functional MPACs	Quarterly	Reports tabled for all meetings	Good
Limpopo	27 established (100%)	Quarterly	223 meetings held in 2023	Delivered by all municipalities, reported as strong
Mpumalanga	20 established (100%)	Quarterly	Irregular	Challenges with capacity and understanding
Northern Cape	31 established (100%), functionality	Not reported	Not reported	Not reported

	MPAC Status	MPAC Meetings	MPAC Reports	MPAC Oversight
	mixed			
North West	11 of 22 municipalities submitted reports	Not reported	Several municipalities failed to submit for 3 years	Reported as weak
Western Cape	30 established (100%)	Quarterly	Submitted	Good

Source: Section 47 Reports 2023/2024

7.3.2 Audit Committees and Internal Audit Units

Internal auditing serves as an independent assurance and advisory function aimed at strengthening governance and improving service delivery. By applying a structured and disciplined approach, it helps municipalities assess and enhance the effectiveness of internal controls, risk management, and compliance with laws and regulations.

As required by **section 165(2) of the MFMA**, every municipality and municipal entity must:

- Develop a risk-based audit plan each year; and
- Provide guidance to the accounting officer and report to the audit committee on internal audit matters, financial controls, accounting practices, risk and performance management, loss control, and compliance with the MFMA, DoRA, and related legislation (such as the Water Services Act and Electricity Regulation Act).

The **Audit Committee**, established in terms of **section 166 of the MFMA**, is an independent advisory body of the council. Its mandate is to:

- Offer advice to council, management, and political leaders on risk management, financial controls, audit outcomes, performance management, governance, and compliance.
- Examine annual financial statements to give council or the parent municipality an authoritative assessment of financial health, effectiveness, and compliance.
- Address issues raised by the Auditor-General.
- Conduct investigations into municipal or entity financial matters when instructed by the council or board.

Overall, the functionality of audit committees and internal audit units remains uneven across provinces. Gauteng and the Western Cape demonstrate stronger performance, with well-functioning committees and units that meet regularly and provide effective oversight. In contrast, provinces such as Limpopo, Free State, and North West reflect persistent weaknesses, including irregular meetings, lack of independence, and resource or skills shortages.

Audit and internal audit structures show substantial variation across provinces. In the Eastern Cape, audit committees are relatively strong, with 82% rated excellent in functionality and consistency maintained over three years. However, a small number of municipalities reported weak performance due to missing reports. Internal audit units are in place with good functionality, though weaknesses remain in resourcing and independence in some municipalities.

In the Free State, eighteen of the twenty-three municipalities have audit committees meeting oversight requirements, with internal audit and risk management units functioning in those same municipalities. Gauteng demonstrates full coverage, with all municipalities having audit committees that meet regularly and well-supported internal audit units. The Western Cape mirrors this performance, with 100% functionality and well-resourced units, making it one of the strongest provinces in this area.

KwaZulu-Natal also has widespread coverage, with all fifty-four municipalities reporting internal audit units, though capacity remains a challenge. Two municipalities, representing four percent, lacked sufficient capability to review financial statements, which contributed to misstatements. Audit committees in the province are mostly functional but suffer from weak reporting in some cases. Mpumalanga and the Northern Cape reported complete establishment of audit committees and units, though their effectiveness is mixed and inconsistent, reflecting gaps in performance and capacity.

In Limpopo, audit committees are weaker, with irregular meetings undermining their oversight role. Internal audit structures are formally in place, with approved charters and risk-based plans, and two hundred and ten meetings held across municipalities. However, Thabazimbi Local Municipality failed to meet the minimum required four meetings for its committee. The North West remains the weakest province, with audit committees described as having limited impact and internal audit units struggling with functionality and capacity gaps.

Overall, the Western Cape, Gauteng, and Eastern Cape demonstrate relatively strong and consistent audit and internal audit systems, while Limpopo and the North West reveal the deepest structural weaknesses in municipal oversight.

Table 24: Status of Audit Committees and Internal Audit Units

Province	Audit Committees	Internal Audit Units
Eastern Cape	82% excellent functionality; 3 municipalities weak due to missing reports; stable over 3 years	Good functionality overall, though some weak and under-resourced
Free State	18 of 23 municipalities have audit committees meeting requirements	18 municipalities have units conducting internal audit and risk management
Gauteng	Functional in 100% of municipalities, meeting regularly	Functional in 100% of municipalities, supported with reports
Western Cape	Functional in 100%, with strong performance	100% well-resourced and functional
KwaZulu-Natal	Most municipalities functional; some weak due to missing reports; capacity gaps persist	All 54 municipalities reported units; 2 (4%) lacked capacity to review financials
Mpumalanga	All 27 municipalities established: effectiveness inconsistent	100% established, but effectiveness inconsistent
Northern Cape	Committees established, varying levels of functionality	All municipalities supported by district or in-house units, with mixed performance
Limpopo	Committees weak, with irregular meetings	All municipalities have approved charters and risk-based plans; 210 meetings held; Thabazimbi failed minimum requirement
North West	Weak committees with limited impact	Poorly functional, with significant capacity gaps

Source: Section 47 Reports 2023/2024

7.3.3 Mayoral, Executive, Section 79 and Section 80 Committees

Functioning Section Mayoral Committees, Executive Committees as well as section 79 and 80 structures are critical for strengthening municipal performance. These oversight and advisory committees enable councillors to scrutinise executive decisions, monitor service delivery, and hold officials accountable. Where Section 79 committees provide political oversight, Section 80 committees offer specialised technical support to the executive, ensuring more informed decision-making. When these structures operate effectively, they promote transparency, improve governance, and enhance the quality-of-service delivery, ultimately building public trust in local government. The table below describes what is reported in terms of the various committees.

Across provinces, municipal councils are required to establish oversight and political structures such as Mayoral Committees or Executive Committees, Section 79 committees with delegated oversight functions, and Section 80 committees that provide advisory support to mayors. The reports show that while these structures are generally established, their functionality varies widely, with common gaps in meeting regularity, record-keeping, and the documentation of resolutions and follow-up actions.

In the **Eastern Cape**, all municipalities have established Mayoral or Executive Committees, as well as Section 79 and Section 80 committees. While these structures are formally in place and functioning, they are constrained by limited institutional capacity. Although councils are convening meetings, weaknesses persist in the documentation of attendance registers, minutes, and records of decisions. This reflects a broader pattern across the province of structures existing in name but lacking consistent evidence of robust functionality.

In the **Free State**, only nine out of twenty-three municipalities reported the existence of Mayoral Committees and oversight committees. While the minimum of four council meetings per year was generally observed, the establishment of oversight committees is uneven, and reporting remains weak.

Gauteng and **KwaZulu-Natal** both reported full establishment and functionality of their committees across all municipalities, suggesting stronger institutionalisation of oversight and advisory mechanisms. **Limpopo** and the **North West**, by contrast, have established these structures, but their functionality is uneven due to persistent capacity constraints and weakened institutional arrangements.

The **Northern Cape** has established Mayoral Committees, but reports indicate weak functionality, and there is no evidence provided on Section 79 or Section 80 committees. **Mpumalanga** presented a mixed picture: while all municipalities have Mayoral Committees and most have Section 79 and Section 80 committees, exceptions include Nkomazi and Bushbuckridge, which lack Section 79 committees, and Thaba Chweu and Govan Mbeki, where such committees are not fully functional. Section 80 committees exist across the province, but the City of Mbombela was noted as an exception.

The **Western Cape** reported high levels of establishment and functionality, with all municipalities having Mayoral Committees, 93% establishing Section 79 committees, and 87% having Section 80 committees. This province reflects one of the strongest examples of institutionalisation of council committees, though even here gaps in complete coverage remain.

Overall, while there has been improvement in the establishment of oversight and advisory committees, weaknesses remain across many provinces in demonstrating their functionality through proper record-keeping, meeting minutes, and documentation of decisions. Provinces such as Gauteng, KwaZulu-Natal, and the Western Cape demonstrate comparatively stronger systems, while the Free State, Northern Cape, Limpopo, and North West illustrate significant structural and capacity-related challenges.

Table 25: Functionality of other Committees and Structures (Mayco, Exco, /Section 79 and 80

Province	Mayco/Exco	Section 79 Committees	Section 80 Committees
Eastern Cape	100% established and functional, but capacity constrained	100% established and functional, but capacity constrained	100% established and functional, but capacity constrained
Free State	9 of 23 municipalities reported established	9 of 23 municipalities reported established and held minimum of 4 council meetings	9 of 23 municipalities reported established
Gauteng	100% established and functional	100% established and functional	100% established and functional
KwaZulu-Natal	100% established and functional	100% established and functional	100% established and functional
Limpopo	Established, but weakened functionality due to capacity constraints	Established, but weakened functionality due to capacity constraints	Established, but weakened functionality due to capacity constraints
Northern Cape	Established but weak functioning	Not reported	Not reported
North West	Established, but weakened functionality due to capacity constraints	Established, but weakened functionality due to capacity constraints	Established, but weakened functionality due to capacity constraints
Mpumalanga	All established and compliant	18 municipalities established; exceptions include Nkomazi, Bushbuckridge, Thaba Chweu and Govan Mbeki not fully functional	All municipalities established; all functional except Mbombela; all chaired by MMCs
Western Cape	100% established and functional	93% established and functional	87% established and functional

Source: Section 47 Reports 2023/2024

7.4 ANTI-CORRUPTION AND FRAUD PREVENTION

Anti-corruption measures are a critical component of strengthening governance within municipalities and play an important role in encouraging whistleblowing against unethical conduct. To intensify efforts in combating corruption, the Department of Cooperative Governance (DCoG) revised the Local Government Anti-Corruption Strategy and introduced the Integrity Management Framework, with a strong emphasis on promoting integrity across the municipal sphere. The strategy provides municipalities with clear strategic objectives aimed at preventing and addressing corruption.

An anti-corruption and fraud policy is vital for municipal performance because it protects limited resources from misuse and ensures they are directed toward service delivery. Effective policies strengthen accountability, improve governance, and build public trust in local institutions. The analysis of provincial reports shows that while most municipalities have adopted such policies, their effectiveness depends on consistent implementation, strong monitoring, and political stability. Where policies exist but are weakly enforced, municipalities continue to struggle with financial mismanagement and service delivery failures. Table compares the status of fraud prevention and anti-corruption measures across the nine provinces, based on their Section 47 reports for 2023/24. It highlights the existence of fraud policies, overall functionality, and key challenges noted in each province.

Table 26: Fraud and anti-corruption measures in provinces

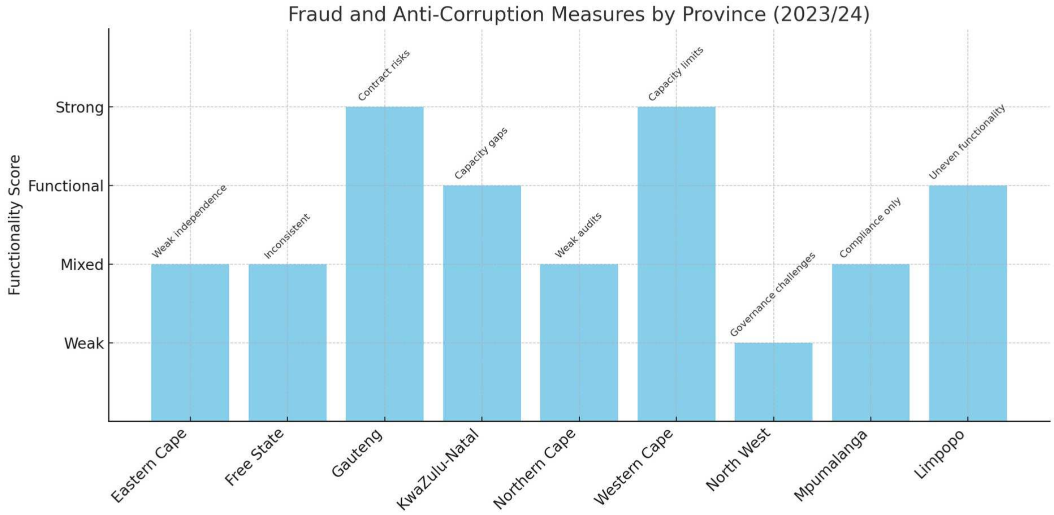
Province	Fraud Policies/Structures	Functionality	Challenges
Eastern Cape	Fraud prevention plans in most municipalities; audit and risk units exist	Good on paper, but constrained by weak independence/resourcing	Limited evidence of enforcement; weak record-keeping
Free State	Fraud prevention policies and risk systems in most municipalities	Partially functional	Inconsistent implementation; weak integration with oversight structures
Gauteng	All municipalities have fraud prevention strategies and whistle-blower systems	Strong; all supported by audit and risk committees	Corruption risks in service delivery contracts remain high
KwaZulu-Natal	All 54 municipalities reported internal audit units and audit committees	Mostly functional	Capacity gaps in two municipalities; uneven follow-up on whistle-blower cases
Northern Cape	Fraud prevention plans widely established with district support	Mixed functionality	Weak consequence management; ineffective audits
Western Cape	All municipalities have fraud policies, risk structures, and audit committees	Strong, well-resourced	Smaller municipalities face some capacity limits
North West	Fraud strategies reported	Weak overall	Poor enforcement, weak oversight reports, systemic governance collapse
Mpumalanga	All municipalities	Inconsistent	Capacity/resource

Province	Fraud Policies/Structures	Functionality	Challenges
	reported fraud prevention measures	effectiveness	challenges; structures often only for compliance
Limpopo	All municipalities have internal audit charters and fraud frameworks	Structures exist; 210 meetings held in 2023/24	Uneven functionality: some municipalities fail minimum requirements

Source: Section 47 Reports 2023/2024

This figure below shows how well fraud and anti-corruption measures function across the nine provinces. Gauteng and the Western Cape score the strongest, Eastern Cape, Free State, Mpumalanga, and Limpopo show mixed performance, while Northern Cape and especially North West remain the weakest, with governance challenges limiting effectiveness.

Figure 35: Fraud and Anti-Corruption Measures by Province



Source: Section 47 Reports 2023/2024

7.5 INTERGOVERNMENTAL RELATIONS

7.5.1 Overview

Tracking indicators like Section 139 interventions and the performance of Intergovernmental Relations (IGR) forums is essential because they offer a direct window into the state of municipal governance and the ability of municipalities to carry out their mandates. A Section 139 intervention is a clear sign of serious breakdowns in governance, finances, or service delivery, requiring provincial or national authorities to step in to restore order. Monitoring how often these interventions occur, and the reasons behind them, helps to reveal underlying weaknesses in the local government system, whether municipal performance is sustainable, and if municipalities are progressing or slipping backwards. Experience shows that while interventions can bring temporary stability, repeated or prolonged interventions usually point to deeper structural deficiencies that remain unaddressed.

In much the same way, IGR forums are critical mechanisms for fostering coordination between local, provincial, and national government. Effective forums enhance accountability, support integrated planning, and enable municipalities to combine resources in tackling service delivery challenges more effectively. Where forums are weak or dysfunctional, however, the result is often duplication of effort, fragmented responses, and missed opportunities to respond to community needs. Looking at both Section 139 interventions and IGR functionality therefore provides a more rounded view of governance performance and sheds light on whether municipalities are equipped to meet their developmental responsibilities.

7.5.2 Section 139 Interventions

The Constitution of the Republic of South Africa allows in Section 139 for the relevant provincial executive to intervene should a municipality not be able to fulfil an executive obligation in terms of the Constitution or legislation. The subsections of Section 139 outline different forms of intervention:

- Section 139(1)(b) – The provincial executive may assume responsibility for the relevant obligation, taking over certain functions of the municipality to ensure the obligation is met. This is generally applied in cases of governance or administrative failure.
- Section 139(5) – Where a municipality is in a serious financial crisis, the provincial executive is obliged to impose a Financial Recovery Plan (FRP) to restore the municipality's ability to provide basic services and meet its financial commitments.
- Section 139(7) – The national executive may intervene if the provincial executive fails to act adequately in terms of Section 139(1) or (5). This shifts the intervention from provincial to national oversight.
- Section 139(7)(c) – The national executive may approve and enforce a Financial Recovery Plan if the provincial plan required under Section 139(5) is inadequate. This typically occurs in more severe or persistent cases of municipal failure.

Table 27 below shows that, as of February 2024, there were 34 active interventions in local government).[21] This is an improvement from the number reported in the previous year where, according to the Parliamentary Budget Office (PBO), 39 municipalities were under Section 139 intervention between 2020/21 and 2022/23.[22]

Table 27: Active Section 139 and 154 Interventions

Name of Province	Number of Municipalities
Eastern Cape	3
Free State	3
Gauteng	3
KwaZulu Natal	7
Limpopo	0
Mpumalanga	5
Northern Cape	2
North-West	9

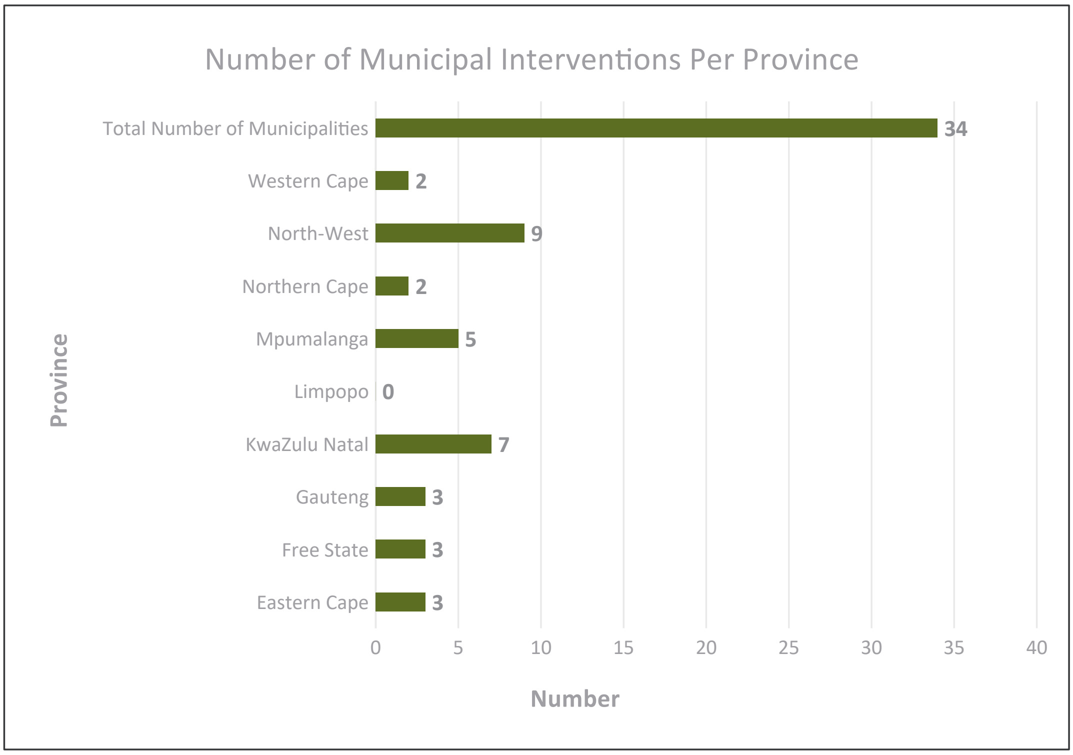
[21] DCOG Report on Interventions, 2025
[22] Parliamentary Budget Office, Report on Section 139 and 154 Interventions, May 2025.

Western Cape	2
Total Number of Municipalities	**34**

Source: DCOG Report on Interventions, 2025

Figure 37 below shows that the North West province had the highest number of interventions (9), followed by KwaZulu Natal (7). Limpopo stood out with 0 interventions in this reporting period.

Figure 36: Number of Interventions per province 2023/2024



Source: DCOG Table of Interventions for 2023/2024

The PBO study in 2025 examined the active interventions from 2020/2021. [23] It looked at how often they occur, their effectiveness, and the broader governance and structural challenges that drive ongoing municipal distress. A number of valuable insights are shared below:

- High Use of Interventions: A total of 39 municipalities were under Section 139 administration between 2020/21 and 2022/23. Of these, 18 were already under intervention from earlier years (some dating back to 2015/16), while 21 were newly placed under intervention during this period.
- Reactive Governance: Instead of Capacity Building: Provinces tend to rely on direct takeovers (Section 139) rather than strengthening municipal capacity under Section 154, which is meant for proactive support. This reactive approach has delivered limited long-term improvements due to resistance from municipalities, procedural missteps, and political instability.
- Financial Recovery Plans (FRPs): Some municipalities, including Mahikeng, Chris Hani, and Kannaland, lacked approved FRPs, and Merafong only began implementation in 2024. Of the

[23] Parliamentary Budget Office, Report on Section 139 and 154 Interventions, May 2025.

21 newly intervened municipalities: 6 made good progress, 2 made moderate progress, and 9 showed no progress (mainly due to weak reporting).

- Audit Outcomes: No clear link could be proven between interventions and improved audit results because many FRPs were only approved in 2023. However, data suggests more qualified audits occurred between 2020/21 and 2022/23 in municipalities under administration.
- Service Delivery Performance: Service delivery was assessed for 33 of the 39 municipalities. Only 6 performed above national averages, and just one of these (Mafube) had been under intervention before 2020/21.
- Limited Impact of Interventions: Section 139 interventions have often failed to create lasting stability, especially in rural areas with low revenue bases, poor infrastructure, skills shortages, and historic underdevelopment. Section 154 support — meant for early, proactive assistance — is rarely applied, leaving capacity gaps unresolved.
- Structural Inequalities: Rural municipalities face systemic disadvantages: low revenue, high service delivery costs, weak governance, and inadequate oversight. Without deeper reform, municipalities risk remaining in a cycle of financial and service delivery distress.

Prior studies show that interventions frequently fail due to governance breakdowns, political resistance, poor coordination, and insufficient long-term support. There is an urgent need to shift from reactive takeovers to sustained capacity-building strategies that address root causes of municipal failure.

Table 28 sets out the active interventions and their types being carried out by provinces in 2023/2024 according to DCOG.

Table 28: Section 139 interventions

Total Number of Municipalities per Province	Names of Municipalities	Type of intervention	Date Instituted	Status
Eastern Cape: 3	Enoch Mgijima LM	S139(7) of the Constitution (National intervention in the stead of the provincial executive in terms of section 139(5)(a) and (c))	April 2022	Ongoing
	Amathole LM	S139(5) of the Constitution	January 2021	Ongoing
	Makana LM	S139(5) of the Constitution	2019	Ongoing
Free State: 3	Mangaung Metropolitan Municipality	S139(7) of the Constitution (National intervention in the stead of the provincial executive in terms of section	April 2022	Ongoing

Total Number of Municipalities per Province	Names of Municipalities	Type of intervention	Date Instituted	Status
		139(5)(a) and (c))		
	Mafube LM	S139(5)(a) &(c) Of the Constitution	June 2022	Ongoing
	Tokologo LM	S139(5)(a) &(c) Of the Constitution	June 2022	Ongoing
Gauteng: 3	Emfuleni LM	S139(5) of the Constitution	June 2018	Ongoing
	West Rand DM	S139(5) of the Constitution	February 2019	Ongoing
	Merafong LM	S139(5) of the Constitution	September 2022	Ongoing
KwaZulu Natal: 07	Umzinyathi DM	S139(1)(b) of the Constitution	October 2016	Ongoing
	Mpofana LM	S139(1)(b) of the Constitution	December 2017	Ongoing
	Inkosi Langalibalele LM	S139(1)(b) of the Constitution	December 2017	Ongoing
	Mtubatuba LM	S139(1)(b) of the Constitution	March 2019	Ongoing
	Msunduzi LM	S139(1)(b) of the Constitution	April 2019	Ongoing
	Uthukela DM	Section 139(1)(b) of the Constitution	August 2018	Ongoing
	Umkhanyakude DM	S139(1)(b) of the Constitution	January 2021	Ongoing
Mpumalanga: 5	Emalahleni LM	S139(5) of the Constitution	October 2018	Ongoing
	Govan Mbeki LM	S139(5) of the Constitution	October 2018	Ongoing
	Msukaligwa LM	S139(5) of the Constitution	October 2018	Ongoing
	Thaba Chweu LM	S139(5) of the Constitution	October 2018	Ongoing
	Lekwa LM	S139(7) of the Constitution (National intervention in the stead of the provincial executive in terms of section 139(5)(a) and (c))	April 2021	Ongoing
Northern Cape: 2	Phokwane LM	S139(5) of the Constitution	July 2020	Ongoing

Section 48 Report: 2023/2024

Total Number of Municipalities per Province	Names of Municipalities	Type of intervention	Date Instituted	Status
	Renosterberg LM	S139(5) of the Constitution	August 2020	Ongoing
North-West (9)	Madibeng LM	S139(5) of the Constitution	January 2022	Ongoing
	Tswaing LM	S139(5) of the Constitution	January 2022	Ongoing
	Ditsobotla LM	S139(5) of the Constitution	January 2022	Revoked
		S139(1)(C) of the Constitution	September 2022	
	Dr Ruth Segomotsi Mompati DM	S139(5) of the Constitution	January 2022	Ongoing
	Kgetleng Rivier LM	S139(5) of the Constitution	January 2022	Ongoing
	Mahikeng LM	S139(5) of the Constitution	January 2022	Ongoing
	Ramotshere LM	S139(5) of the Constitution	January 2022	Ongoing
	Naledi LM	S139(5) of the Constitution	January 2022	Ongoing
	Kagisano-Molopo LM	S139(1)(b) of the Constitution	September 2022	Ongoing
Western Cape:2	Beaufort West LM	S139(5)(a) of the Constitution	August 2021	Ongoing
	Kannaland LM	S139(5)(a) of the Constitution	December 2023	Ongoing
Total				**34**

Source: DCOG Table of Interventions for 2023/2024

The pattern of Section 139 interventions shows how deeply rooted governance and financial weaknesses continue to affect many municipalities.

7.5.3 Intergovernmental Relations Forums

Intergovernmental Relations (IGR) forums serve as critical mechanisms for coordination among municipalities, provinces, and national government. They are designed to align priorities, address disputes, and reduce duplication in service delivery. Through these forums, municipalities are able to raise concerns, exchange experiences, and work together on challenges ranging from infrastructure provision and financial oversight to disaster management. At the provincial level, Premier's Coordinating Forums (PCFs) and district IGR forums play a key role in ensuring that municipal Integrated Development Plans (IDPs) are consistent with provincial strategies. At municipal level, Mayoral and District Technical Forums support cooperation and accountability. Where they are functioning effectively, IGR forums enhance governance, foster policy alignment, and ensure resources are better directed to address community needs.

Although IGR forums are established across all provinces, their performance is inconsistent. The strongest examples are found in the Western Cape, Gauteng, and KwaZulu-Natal, where they actively contribute to planning and service delivery. In contrast, in North West, Free State, and Limpopo, the forums are in place but their impact is limited by weak implementation and poor follow-up. Strengthening these structures nationwide is essential for achieving more coherent governance and improving service delivery outcomes.

.Table 29:Provincial Comparison of IGR Functionality (2021/22)

Province	Functionality of IGR Forums
Eastern Cape	Forums exist but their functionality is uneven, with weak follow-through and limited impact in many municipalities.
Free State	Structures are in place, but implementation and effectiveness are limited, reducing their influence on planning and coordination.
Gauteng	Forums such as the Premier's Coordinating Forum, MEC/Mayoral Committee Forum, CFO Forum, and others were functional and actively used, with municipalities participating at both provincial and national levels.
KwaZulu-Natal	Well-established and generally functional, supporting planning and coordination, though some challenges persist in ensuring consistent follow-through.
Northern Cape	Forums established but weak in functionality, with limited evidence of impact on municipal coordination.
Western Cape	Strongest performance nationally; the Joint District and Metro Approach (JDMA) endorsed by the Premier's Coordinating Forum is cited as an effective model of intergovernmental collaboration.
North West	Forums exist, but functionality is constrained by governance weaknesses and limited follow-through, with provincial support often required to convene and strengthen them.
Mpumalanga	Provincial and district IGR structures were well-coordinated, playing a central role in preparing for and supporting the 2024 national and provincial elections.
Limpopo	Forums were established but their effectiveness was uneven; implementation and sustained follow-through remain weak despite provincial support.

Source: Section 47 Reports 2023/2024

8. CROSS-CUTTING ISSUES & PLANNING

8.1 INTEGRATED DEVELOPMENT PLANNING

Integrated Development Plans (IDPs) form the foundation of municipal planning in South Africa, serving as a comprehensive and strategic framework that directs development and service delivery. Their preparation, adoption, and ongoing review are mandated by national law, particularly the Municipal Systems Act (MSA) of 2000 (Act 32 of 2000) and the Municipal Finance Management Act (MFMA) of 2003 (Act 56 of 2003). Together, these statutes define the rules for municipal planning, budgeting, and accountability.

The MSA requires every municipal council to adopt an IDP. Section 25(1) states that municipalities must prepare a "single, inclusive and strategic plan" for development, which must integrate different sectoral plans, align local resources and institutional capacity with identified priorities, serve as the guiding policy framework for the budget, and comply with national legislation while remaining consistent with provincial and national development frameworks. In addition, Section 34 of the MSA directs municipalities to review their IDPs each year to ensure that priorities are current, performance is evaluated, and adjustments are made to reflect changing circumstances or resources. Section 32 further obliges municipalities to submit their IDPs annually to the MEC for Local Government, who assesses their compliance with legal requirements and alignment with broader government strategies.

The MFMA reinforces the importance of IDPs by tightly linking them to the municipal budget. Section 21(1)(a) assigns the mayor the responsibility of coordinating the budget process together with the annual review of the IDP, ensuring consistency and credibility. Section 21(2)(a) further requires that budget preparation explicitly take the IDP into account. This framework ensures that budgets reflect the strategic choices made in IDPs and that the plans themselves are realistically costed within the Medium-Term Revenue and Expenditure Framework (MTREF).

To improve this system, the Department of Cooperative Governance (DCoG) has developed an IDP credibility framework and facilitates intergovernmental engagements around IDPs. These processes enable provinces to assess and support municipalities, helping to ensure that IDPs are not just compliant with legislation but also credible, implementable, and aligned with the development priorities of all three spheres of government. Table 28 summarises what provinces report on their IDPs and IPD processes.

Table 30: Provincial Information on IDPs

Province	Information
Eastern Cape	IDPs adopted across municipalities, but functionality uneven with weak follow-through and limited alignment to provincial and national frameworks.
Free State	IDPs adopted but with compliance and credibility challenges. Weak implementation and difficulty in aligning priorities with budgets.
Gauteng	Improved coordination through IDP reviews and DDM Technical Forums. Stronger implementation of the One Plan. Tshwane and Ekurhuleni did not fully participate, creating misalignment.
KwaZulu-Natal	Average IDP credibility at 79.07%. All 54 municipalities above 60% benchmark. 22 municipalities improved (some by more than 10%), while 32 regressed due to weak management, political instability, and poor sector integration.
Northern Cape	IDP processes in place but compliance inconsistent. Weak functionality in aligning IDPs with broader government strategies.
Western Cape	Strong planning integration supported by the Joint District and Metro Approach (JDMA). IDPs well aligned with provincial and national priorities.

North West	All 22 municipalities adopted IDPs, but only 19 on time. Weaknesses in planning, performance reporting, and accountability. Poor alignment with MFMA Circular 88, DDM One Plans, and MSA requirements.
Mpumalanga	All municipalities submitted IDPs, but compliance varies. Traditional councils mobilised to participate, with 60 supported and 59 participating. Challenges in achieving full participation and alignment.
Limpopo	IDPs adopted across municipalities but uneven functionality. Weak implementation and follow-through despite provincial support.

Source: Section 47 Reports 2023/2024

Across the provinces, Section 47 reports highlight a set of recurring issues:

- Adoption vs. credibility: All provinces report that municipalities have adopted IDPs, but many remain compliance-focused rather than credible and implementable strategies.
- Weak alignment: Significant gaps exist between IDPs, budgets, and broader frameworks such as the District Development Model (DDM), MFMA Circular 88, and provincial development strategies. This is especially evident in Free State, North West, and Eastern Cape.
- Timeliness and quality: While adoption rates are high, several municipalities approve IDPs late (e.g., in North West) or fail to review and update them adequately (e.g., Limpopo and Northern Cape), undermining their credibility.
- Capacity and participation: Provinces struggle with weak stakeholder engagement and institutional capacity. Mpumalanga reports progress in involving traditional councils, but elsewhere participation is limited, reducing legitimacy.
- Political and management instability: In provinces like KwaZulu-Natal, political instability and weak management contribute to regression in IDP quality despite generally high scores.
- Examples of stronger practice: Western Cape, Gauteng, and KwaZulu-Natal demonstrate more credible and better-aligned IDPs, supported by mechanisms like the Joint District and Metro Approach (JDMA) and functional intergovernmental forums.
- Overall conclusion: IDPs remain the backbone of municipal planning, but their effectiveness is undermined by poor alignment, inconsistent quality, and limited follow-through. Strengthening credibility, ensuring tighter budget integration, and embedding IDPs in intergovernmental processes are critical for improvement.

8.2 SPATIAL PLANNING

Spatial Development Frameworks (SDFs) are legally mandated planning tools that shape the spatial direction and sustainable growth of municipalities. The Constitution of South Africa (1996, Sections 152 and 153) obliges municipalities to foster social and economic development, provide sustainable services, and structure their planning and administration around community priorities. The Municipal Systems Act of 2000 (Act 32 of 2000) makes the inclusion of an SDF a compulsory part of every Integrated Development Plan (IDP), while the Spatial Planning and Land Use Management Act of 2013 (SPLUMA, Act 16 of 2013) strengthens this requirement by directing municipalities to prepare, adopt, and implement SDFs as their main strategic instrument for spatial planning and land use management.

As such, SDFs are not only vital for correcting historical spatial inequalities and linking land use with infrastructure investment, but also for guiding economic growth, managing the environment, and planning human settlements. They operate as the spatial blueprint through which municipalities align their local development priorities with provincial and national goals, ensuring a coherent and sustainable approach to spatial transformation.

CONTINUES ON PAGE 130 OF BOOK 2

Printed by and obtainable from the Government Printer, Bosman Street, Private Bag X85, Pretoria, 0001
Contact Centre Tel: 012-748 6200. eMail: info.egazette@gpw.gov.za
Publications: Tel: (012) 748 6053, 748 6061, 748 6065

Government Gazette
Staatskoerant

REPUBLIC OF SOUTH AFRICA
REPUBLIEK VAN SUID AFRIKA

Vol. 724 | 29 October Oktober 2025 | No. 53594

PART 2 OF 2

ISSN 1682-5845

Table 31: Provincial Information on their Spatial Development Frameworks

Province	Development & Adoption	Strengths	Challenges
Eastern Cape	Municipalities are required to adopt SDFs as part of IDPs. Progress uneven across districts.	Provides statutory guidance for spatial planning and land use.	Weak alignment with infrastructure investment, limited capacity to implement, and slow reviews in some areas.
Free State	Most municipalities have adopted SDFs; compliance generally reported.	SDFs incorporated in IDPs and linked with spatial planning priorities.	Many SDFs remain outdated, weak capacity for implementation, and poor alignment with budgets and sector plans.
Gauteng	All municipalities developed and submitted SDFs; Johannesburg and Midvaal have updated long-term frameworks (SDF 2040, Final Review 2023/24).	Comprehensive frameworks in place; provincial guidance through the Gauteng SDF 2030.	Limited spatial representation in IDPs, weak regional coordination, and issues of urban sprawl and infrastructure gaps.
KwaZulu-Natal	SDFs adopted across municipalities as part of IDPs.	Provincial support through alignment with IDPs and spatial strategies.	Implementation uneven; political instability and capacity gaps hinder effective rollout.
Limpopo	All municipalities reported adoption of planned SDFs.	Alignment efforts guided by NSDP principles and provincial frameworks.	Some municipalities slow to update SDFs, leading to misaligned investment and weak integration of human settlements.
Mpumalanga	Municipalities legally required to adopt SDFs under SPLUMA; most have done so.	Provincial SDF (2019) provides guidance; alignment with IUDF and spatial transformation agenda.	Weak implementation: IDP projects often not informed by SDFs, undermining spatial transformation goals.
Northern Cape	All municipalities adopted SDFs, gazetted and implemented within set timelines.	SPLUMA compliance strong: Municipal Planning Tribunals and Appeal Authorities in place.	Capacity constraints in smaller municipalities; reliance on shared services for technical support.
North West	All municipalities required to adopt SDFs as part of IDPs; progress reported.	Provincial forums support compliance and adoption processes.	Many SDFs lack credibility and alignment with budgets, DDM One Plans, and performance frameworks.
Western Cape	SDFs integrated into	Strong emphasis on	Limited resources and

Province	Development & Adoption	Strengths	Challenges
	municipal planning and LED strategies.	land identification for development, integrated human settlements, and alignment with Land Use Planning Act.	data availability in some municipalities hinder planning; growing climate risks affecting spatial planning.

Source: Section 47 Reports 2023/2024

Across the provinces, Section 47 reports highlight a set of recurring issues:

- Most provinces report that municipalities have adopted SDFs, but the quality and implementation vary significantly.
- Alignment between SDFs, IDPs, and budgets remains weak, limiting the impact of spatial planning on actual development.
- Capacity constraints, especially in smaller and rural municipalities, hinder effective implementation of SDFs.
- Provinces such as Gauteng and Western Cape demonstrate stronger frameworks, but challenges such as urban sprawl, infrastructure limitations, and climate risks persist.
- Many municipalities struggle with credibility of SDFs, often producing plans for compliance rather than meaningful guidance.
- SPLUMA compliance has improved nationally, with tribunals and appeal authorities established, but sustained support and monitoring remain essential.

8.3 DISASTER MANAGEMENT

South Africa's approach to disaster management is shaped by several pieces of legislation, including the Constitution, the Intergovernmental Relations Framework Act (2005), the Municipal Systems Act (2000), the Disaster Management Act (2002), and the National Disaster Risk Management Policy Framework (2005). Together, these laws establish a uniform system for disaster prevention, preparedness, response, and recovery across all spheres of government.

The Disaster Management Act of 2002 requires government structures to prevent and reduce risks, prepare for emergencies, and respond quickly and effectively when disasters occur. The Amendments that were adopted in 2015 strengthened these provisions by requiring risk assessments and mapping, assigning responsibilities to local municipalities, and broadening participation in advisory forums. Municipalities, particularly metros and districts, are expected to set up disaster management centres, appoint heads of these centres, form disaster forums, and finalise disaster management plans.

This framework is complemented by international commitments such as the Sendai Framework for Disaster Risk Reduction (2015–2030), which emphasises reducing disaster risks and losses to lives, livelihoods, and infrastructure. While the state carries the primary responsibility, the framework highlights the need for collaboration with local government, the private sector, and communities.

At the core, disaster risk reduction (DRR) remains central to the Disaster Management Act, with the National Disaster Management Centre—together with provincial and municipal centres—leading efforts to coordinate, promote, and facilitate DRR across the country.

- Eastern Cape: Municipalities comply with legislative requirements, but disaster management centres function unevenly. Many rely on provincial or district support due to limited local capacity.
- Free State: Disaster management plans are in place, but resource shortages and lack of skilled staff undermine their effectiveness. Forums exist but are not consistently functional, and disaster risk reduction remains weak.
- Gauteng: Municipalities have established disaster management structures, though staff shortages and poor attendance at meetings limit effectiveness. Integration of disaster management into broader municipal planning is inadequate.
- KwaZulu-Natal: Municipal Rapid Response Teams have been established, but political instability and governance weaknesses prevent them from being fully functional. Plans are in place to re-establish and strengthen these structures.
- Limpopo: All municipalities have adopted disaster management plans, but implementation is inconsistent. Risk assessments and forums exist, though resource constraints limit their effectiveness.
- Mpumalanga: Disaster Management Plans and Centres exist in all districts, with some municipalities establishing satellite centres. While frameworks are in place, many plans need updating, and integration of climate change adaptation has only begun.
- Northern Cape: All municipalities have gazetted and adopted Disaster Management Plans. The Provincial Disaster Management Centre supports compliance, but smaller municipalities face serious capacity challenges and rely heavily on shared services.
- North West: The province experienced multiple disasters (floods, fires, drought, sinkholes). While the Provincial Disaster Management Centre coordinates, local municipalities suffer from capacity shortages, vacant posts, and lack of disaster information systems. Early warning systems exist, but institutional gaps weaken readiness.
- Western Cape: Disaster management is relatively strong, integrated with planning through the Joint District and Metro Approach (JDMA). Municipalities have functional centres and forums, with better preparedness compared to most other provinces.

8.4 CLIMATE RESILIENCE

Climate change is among the most serious long-term threats to South Africa’s development, and municipalities are at the forefront of its impacts. Rising temperatures, recurring droughts, floods, storms, fires, and resource pressures disrupt service delivery, damage infrastructure, and undermine livelihoods. Local government has a central role in strengthening resilience by weaving adaptation and mitigation into spatial planning, disaster management, infrastructure investment, and service delivery.

The way provinces address climate change in their Section 47 reports is uneven. Gauteng, Mpumalanga, and North West explicitly discuss climate change, linking it to disaster management, spatial planning, and risk reduction. The Western Cape reflects an indirect focus, with climate-related risks embedded in its risk assessments and preparedness systems even if the language of “resilience” is not always used. In contrast, the Eastern Cape, Free State, Limpopo, Northern Cape, and KwaZulu-Natal make little or no direct reference to climate change, highlighting a gap in mainstreaming climate considerations across municipal planning and performance.

The treatment of climate change and resilience in the Section 47 reports is limited across provinces. Gauteng acknowledges the multi-dimensional risks of climate change, noting that municipalities are revising Spatial Development Frameworks to address natural resource scarcity, environmental management, and waste reduction, with calls for a unified provincial environmental framework. Mpumalanga makes explicit reference to integrating climate change adaptation into Disaster Management Plans, requiring councils to adopt strategies that align disaster risk reduction and IDPs with adaptive projects and programmes. The Western Cape also recognises climate change impacts, linking them to severe weather events such as storms, floods, and sea surges that have damaged infrastructure, while highlighting the role of strong disaster management systems and coordinated responses in building resilience. The Eastern Cape, Free State, Limpopo, Northern Cape, KwaZulu-Natal, and North West do not report on this issue.

9. CONCLUSION

Section 47(2)(a) of the Municipal Systems Act requires the MEC for Local Government to identify municipalities that are underperforming, while Section 47(2)(b) obliges the MEC to propose remedial steps to address these shortcomings. In practice, the reports show mixed approaches: in some provinces, specific municipalities are named, whereas in others only general areas of weak performance are highlighted. Likewise, certain provinces set out clear remedial actions, while others provide only broad or non-specific responses.

The use of uniform local government performance indicators would strengthen this process by allowing underperformance to be identified in a more consistent and comparable way, enabling more targeted interventions. The following section reviews each province across the five Key Performance Areas (KPAs) covered in this report, highlighting where underperformance was noted and the remedial measures proposed.

9.1 EASTERN CAPE

Challenges Cited	Support Provided
Institutional Transformation and Organisational Development	
• There is a slight improvement in the submission of the Organograms to the MEC for Local Government to ensure whether they have been developed in compliance with the Local Government Staff Regulations of 2021. • Most municipalities do not conduct skills audit instead they just develop a plan not informed by the needs. • Municipalities have challenges in the implementation of HR Plans. • In most municipalities it seems difficult to cascade PMS implementation to the lowest levels. • Delays in finalizing labour related cases or matters in certain municipalities lead to litigations. • Poor implementation of Employment Equity Plans is still a challenge.	• Holds quarterly Corporate Services Forum to capacitate directors, implement Local Government Regulations (2021), and gather feedback. • Conducts workshops for officials and councillors on reviewing and implementing staff establishments/organograms. • Assists with filling critical senior manager posts, ensures compliance with the Municipal Systems Act and regulations, supports recruitment processes, and reports compliance findings to MEC and Minister. • Provides support in resolving labour disputes and conducts section 106 investigations into suspected maladministration.
Service Delivery	
• Inadequate funding to meet infrastructure backlogs.	• Province introduced the Risk Adjusted Strategy to support struggling

Challenges Cited	Support Provided
• Poor utilization of capital grants by municipalities. • Lack of technical capacity and high staff turnover by municipalities. • Poor performance by appointed service providers delays project delivery. • Delays in the procurement processes • Information provided by municipalities in their annual reports is not credible. • Non submission of annual report by Blue Crane Route LM. • Contradiction in the setting and reflecting of targets and achievements. • There is a limited budget for maintenance of infrastructure which result to dilapidating infrastructure and therefore poor service delivery.	municipalities, protect infrastructure grants, and improve MIG spending, achieving 98% expenditure on water and sanitation projects. • MISA deployed skilled personnel, provided training and bursaries, introduced the war-on-leaks programme, and supported institutionalisation of ISD guidelines. • Municipalities allocated MIG funds for rural road maintenance, refurbishment of water and sanitation infrastructure, and development of Infrastructure Asset Management Plans. • PMIT3, coordinated by EC COGTA, holds annual workshops to ensure municipalities comply with DoRA in project implementation. • District Wide Infrastructure Forums meet quarterly to review municipal performance and develop targeted support plans. • Spatial Planning and Land Use Administration units strengthen capacity and provide technical support to improve municipal performance. • Department actively participates in municipal processes for reviewing SDFs and land use policies as members of Project Steering Committees. • Spatial Planning Unit conducts training and workshops on SDFs to build municipal officials' understanding of planning principles, processes, and legal frameworks. • Department partners with SALGA and DALRRD to train councillors and officials on SPLUMA, empowering them to endorse projects, adjudicate applications, and secure funding for development initiatives.
Local Economic Development	
• Poor quality of reports, lack of credible information. • Non-adoption of LED strategies and implementation plans. • Non functionality of LED IGR Forums results to uncoordinated LED initiatives. • Lack of funding for LED units. This leads to no implementation of capital projects as identified in LED strategies.	• Department guides municipalities in implementing LED strategies and coordinating funding institutions. • Strengthens collaboration with Stats SA, ECSECC, SALGA, and universities to support credible in-house LED strategy reviews. • Works with National DCOG to create meaningful work opportunities through site business plans and CWP remodeling via smart partnerships. • Developed the Urban and Small-Town

Challenges Cited	Support Provided
	Development Framework to guide implementation through Master Plans and Precinct Plans.
Financial Viability	
• Leadership in the municipalities does not exercise the necessary responsibility to enhance good governance. • The accuracy, validity and credibility of Annual Reports (AR) submitted by some municipalities were questionable and thus municipalities are advised to review their Ars prior to submission. • Non-disclosure of capital expenditure (CAPEX), as some municipalities did not adequately disclose their CAPEX on their annual reporting. • Lack of compliance by municipalities in reporting format. • Non — attachment of relevant information such as audited Annual Financial Statement (AFS), referenced Annexures or Appendixes with no information populated.	• Chief Audit Executive and Risk Management Forum support municipal internal audit and risk units by sharing best practices and benchmarking. • Forum ensures audit committees track progress on implementing improvements to audit outcomes. • Department capacitates MPACs to address UIFWE and supports development of UIFWE reduction strategies. • In collaboration with Provincial Treasury and SALGA, department monitors municipalities with poor audit opinions or under section 139(5) through monthly meetings to resolve Auditor-General findings.
Good Governance and Public Participation	
• Few municipalities recognise that CDW Programme seeks to assist municipalities but do not provide full support to the programme. They refer to it as a departmental (COGTA) function. • Municipalities not reflecting on the existence of IGR strategy yet mentioning the IGR structures they partake in. • Under-reporting on the existence of communication strategy • Failure by municipalities to compare the number of Mayoral Imbizos with the previous financial so as understand the trend. • Fewer municipalities are conducting fraud and corruption awareness campaigns	• Revive the MoU for CDWs between COGTA and Eastern Cape municipalities. • Encourage CDWs to hold monthly roundtables and submit reports to address service delivery issues. • Ensure CDWs are visible and strengthen relations with municipalities and stakeholders for public participation. • Support municipalities to formalise reporting on IGR strategy and forums. • Through the Communicators Forum, assist municipalities in developing communication strategies and reporting to MEC indicators. • Encourage municipalities to record Mayoral Imbizos and analyse trends for improvement. • Assist audit units and MPAC members with training to conduct fraud and corruption awareness campaigns.

9.2 FREE STATE

Challenges Cited	Support Provided
Institutional Transformation and Organisational Development	
• High vacancy rate in S54A and S56 positions impacting service delivery.	• MEC letters will be written to municipalities that have not reviewed the staff

Challenges Cited	Support Provided
	establishment and filled posts. • The department to issue a section 139(1)(a) directive with a timeframe of 3 months to municipalities failing to fill senior managers vacancies within the regulated timeframe. • The department to support municipalities on the organizational structure review process and with the accelerated recruitment plan implementation with a 3 months' timeframe.
Service Delivery	
• MIG Expenditure – Municipalities have not spent 100% of their allocated and transferred MIG Funding for the financial year.	• CoGTA to support Municipalities to: • Prioritise project planning to avoid late appointments of service providers. • Ensure full commitment for the MTEF allocation. • Avoid change of projects (reprioritization) during the year of implementation. • Hold early sitting of BID committees to avoid late appointments of service providers. • Closely monitor projects by consultants. • Ring fence grant funds to avoid using it for operational costs.
Local Economic Development	
• Outdated LED strategies. • Limited or no funding to implement LED strategies. • Poor participation of private sector and traditional authorities in LED initiatives. • LED Forums not functional. • EPWP is an ongoing intervention with ever improving interventions – the exit strategy is one of the focus points of the programme to date. However, there is no clear legislation that compels the municipalities to ringfence funding for the training.	• CoGTA to assist municipalities to package business plans to mobilise resources from various government departments, private sector and NGOs. • Assist municipalities to resuscitate LED Forums. • Department to monitor the review process support provided by National COGTA. • The following are the interventions to be undertaken on an ongoing basis: • Technical Support Management meetings review provincial performance, identify gaps and propose interventions to assist poor performing public bodies. • One on one engagements with underperforming Public Bodies to devise support strategies unique to their areas of weaknesses.
Financial Viability	
• Poor Financial Management • Low equitable share., • Revenue collection challenges, • Water losses, electricity losses, cost drivers (e.g. overtime security, bulk purchases, employee related cost), • Poor internal controls and non-compliance on approval of unfunded	• Municipalities to implement a funded budget – implement Provincial Treasury Action Plan on Unfunded Budgets. • Department to check the credibility of audit action plans. Audit improvement plans to be endorsed by the Audit General – implementation of the Audit Improvement Strategy and progress provided to the

Challenges Cited	Support Provided
budgets. • Unfunded budget contributes to the increase in unauthorised expenditure. • Use of deviations to circumvent SCM processes by the municipality. • Audit Outcomes: Poor audit improvement plans not addressing audit findings, Non-implementation of the Audit Improvement Plan resulting in Material findings by the Auditor General. • Non – Compliance: ○ Municipalities do not adhere to Section 106 Notice in terms of deadlines provided for submission of UIFW registers. ○ Failure to pay creditors within 30 days resulting in interest charged by creditors. Delays in appointment of service providers to conduct investigations. ○ Delays in finalization of investigation reports. ○ Write-off of UIFW with no consequence management. Investigations finalised during the year are not reported to CoGTA.	Auditor General. • Training of Internal Audit Managers and Chief Financial Officers on the review of Annual Financial Statements, Interim Financial Statements and Annual Performance report. • Provide support to MPAC through training and hands-on support in the meetings on their oversight role in addressing UIFW. • Quarterly monitoring and feedback to municipalities on key financial indicators to assess viability, financial management and financial governance. • Coordinate and host meeting with Audit Committee and Performance Audit Committee members • Monitor payment of creditors within 30 days to avoid payment of interest to creditors. • Department to support the municipalities to implement Section 32 of the MFMA to deal with incurred UIFW expenditure. • Municipalities must report all finalised investigations to CoGTA in terms of Section 32(4) of the MFMA. UIFW investigations to be submitted to the Disciplinary Board for investigation. • Monitor investigations and follow-up on the status of investigations
Good Governance and Public Participation	
• Dysfunctional ward committees. • Insufficient or no evidence of ward committee meetings. • Lack of quorum. • Councillors not chairing ward committee meetings. • Insufficient or no evidence of community feedback meetings • Insufficient evidence of work or sectoral reports • Dysfunctional f MPAC structures.	• Public participation will convene bi-lateral meetings with municipalities to discuss challenges and proposed remedial actions in poor performing municipalities. • Present quarterly reports to all Municipal Councils with recommendations. • Present at Cluster meetings, IGR Forums, district and provincial Speakers Forums, Public Participation practitioners and district ward committee secretariat meetings. • Provide hands on support where the department will be conducting one on one sessions with all affected wards and councillors. • Conduct workshops for MPAC members and municipalities. • Establish the Provincial Speakers Forum – CoGTA MEC addressing challenges being experienced by the Departmental Public Participation Directorate.

9.3 GAUTENG

Challenges Cited	Support Provided
1. Institutional Transformation and Organisational Development	
• Municipalities fill posts for compliance rather than focusing on critical service delivery positions and appointing skilled, experienced individuals. • Widespread non-compliance with legislative prescripts governing the appointment and remuneration of Municipal Managers and their direct reports. • Selection and interview panels frequently contravene regulations, lacking the required number of members or relevant expertise. • Candidates rated only "basic" in competency assessments continue to be recommended or appointed despite being deemed unsuitable. • Remuneration packages for senior managers are often misaligned with prescribed municipal categories and competency outcomes. • Acting senior managers are appointed beyond prescribed timeframes, with extensions made without MEC notification. • Lack of consequence management perpetuates non-compliance and high vacancy rates in municipalities. • Performance Management Systems (PMS) exist but have little impact, with poor performance persisting across municipalities. • Inadequate training undermines compliance with governance and financial standards, contributes to adverse audit outcomes, and delays infrastructure delivery, billing, and service maintenance.	• The Department has intervened by reviewing appointment reports, providing corrective feedback, and sharing case law on non-compliance, with plans to issue a compliance circular. • Meetings with municipalities and National CoGTA on senior manager appointments and Circular 24 of 2022. • Department developed a compliance checklist for advertisements and gave feedback with one-on-one corrective engagements. • Non-compliance cases addressed through advice and sharing of relevant case law. • Gauteng CoGTA and SALGA held workshops on staff regulations; ongoing hands-on support provided to struggling municipalities. • Department issued a Circular on Appointment and Remuneration of Senior Managers to reinforce compliance. • Engagements with HR and corporate support units before advertising posts to ensure compliance.
2. Service Delivery	
• **Water**: Most municipalities met targets; Tshwane lagged due to Refilwe reservoir delays (pump station stock shortage). • **Sanitation**: Challenges (infrastructure, finances, growth, inefficiency); progress in Lesedi/Midvaal; failures in Emfuleni/Merafong (aging, spills, non-compliance). • **Electricity**: Targets met but systemic issues (Eskom debt >R1bn in Johannesburg, aging	• **Water**: Provincial CoGTA plans to cut losses & improve sustainability; DWS + Rand Water + metros launched PWSG (2024) for water security; IGR platform for joint solutions. • **Sanitation**: 10 providers for sewage/bio-solids; Sebokeng WWTW upgraded with Rand Water. • **Electricity**: Energy outlook study; support on NMD & compliance; master plans & cost

Challenges Cited	Support Provided
assets, theft, poor maintenance, blackouts). • **Blackouts**: Ongoing across Gauteng; causes include poor/incomplete maintenance & cable theft (esp. Ekurhuleni, Emfuleni). • **Losses**: Widespread water (15–30%+) & electricity (7–10%+) losses, harming finances & delivery. • **Loss Causes**: Water—aging pipes, leaks, illegal use; Electricity—cable theft, illegal connections, poor billing, weak infrastructure, generator theft. • **Waste Management**: Emfuleni policy execution but limited trucks, staff, budget; illegal dumping/littering in multiple LMs; weak by-law enforcement. • **FBS (Free Basic Services)**: Most municipalities met targets; Johannesburg needs better resident awareness of criteria/process.	studies; infra support (9 municipalities); Alexandra microgrid (R60m, 1MW solar, 2MWh storage). • **Waste**: DARD donated fleet to Emfuleni to improve refuse collection. • **Losses/Debt**: Municipal data enrichment; CoGTA + Treasury assist with Eskom/Rand Water disputes; R1.2bn 5-point plan (illegal connections, smart meters, etc.). • **FBS**: Common indigent register under development. • **Informal Settlements**: GDH links settlements to Mega Projects; focus on re-blocking, relocation, planning (SDFs, IDPs) to align housing strategies.
3. Local Economic Development	
• **LED Strategies**: Weak prioritisation, poor implementation, vacancies & budget limits → missed job creation & investment opportunities. • **Implementation**: Existence of LED plans not enough; effective rollout essential. • **Metros vs Locals**: Metros (COJ, Tshwane, Ekurhuleni) outperform in investment, SMME support & jobs; smaller municipalities stagnant. • **Investment**: Billions attracted in metros; districts/locals lack strategies & investor confidence. • **SMMEs**: Support inconsistent; COJ strong growth (2023/24), others underperformed or had no plans; overall decline noted vs previous year. • **Reporting**: Weak/absent monitoring systems; small municipalities lack clear targets → risk of falling behind. • **Employment**: EPWP/CWP/LED jobs uneven, mostly temporary; push for sustainable, long-term jobs. • **Performance**: COJ & Tshwane strong job creation; locals minimal or no progress, weak reporting. • **Challenges**: Weak institutional capacity, poor planning, unstable governance, little	• Strategies by national, provincial, municipal & other bodies to drive growth, boost jobs, and improve regional well-being.

Challenges Cited	Support Provided
private sector role. • **Dependence**: Heavy reliance on gov-led jobs, not LED-driven growth. • **Solutions Needed**: Stronger reporting/accountability, focus on entrepreneurship & sustainability, private partnerships, transition from EPWP/CWP to long-term work. • **Capex**: Only Ekurhuleni & Mogale City reported on municipal capital expenditure. • **Vacancies**: LED vacancies reduced to 23% (improved over last year). • **Non-reporting**: Many municipalities failed to report/achieve on job creation indicators despite high unemployment.	
4. Financial Viability	
• **Financial Health**: Most municipalities had unfunded budgets (2024/25); repeated deficits in COJ, Tshwane, West Rand, Rand West, Merafong, Sedibeng. Bulk purchases > employee costs in most metros; districts had extreme staff costs (Sedibeng up to 95%, West Rand up to 77%). Capex improved (71% → 84%) but below 95% NT norm. Capital budgets mainly grant-funded (58% → 52%), with COJ Tshwane, Ekurhuleni, Midvaal using borrowings. Debtors rose 8% (R117.7bn → R127bn); overdue creditors mainly Eskom & Rand Water. Councillors in arrears (MSA breach). Widespread cash flow problems (except Midvaal), low revenue collection, unpaid services, high unemployment, and low growth → poor maintenance, weak service delivery, and persistent liquidity constraints. • **UIF&W Expenditure**: Minimal progress; mostly written off, weak MPAC oversight, poor consequence management. • **Audit Action Plans**: Weak implementation due to budget limits, vacancies, delays, poor leadership → risk of regression. • **Rates Resolutions**: Midvaal, Rand West, Merafong late; corrective steps/condonation sought (not all granted). • **Section 49 Notices**: Non-compliance in Rand West, Mogale, Emfuleni, Merafong, Lesedi; some condonations refused. • **Valuation Rolls**: All municipalities had valid GVRs; Lesedi's expired 2023/24 but	• **Revenue & Billing Support**: Technical support to locals (not metros/districts) for accurate debtor data; projects for correct billing of large power/water users; simplified revenue plans; audits of big users to address AG queries; revenue protection measures to prevent losses. • **Debt Management**: MEC initiative helps defaulting municipalities renegotiate Eskom/Rand Water agreements (including interest waivers); National Treasury's Eskom debt relief package (3-year write-off, prepaid meters, revenue enhancement); Government Debt Management Committee set up to fast-track payments owed by govt departments. • **Financial Governance & Audit**: Provincial Treasury's Hands-On Support Program deploys experts; OPCA-PCC quarterly oversight (CoGTA, Treasury, AG, SALGA); technical reviews of AFS and interim statements (GRAP, MFMA compliance, quality of audit files); support to improve performance info management. • **UIF&W Expenditure**: CoGTA experts assist municipalities with prevention, reduction, and controls; MPAC members trained to manage UIF&W expenditure. • **Compliance & Oversight**: Department issues MPRAA directives and non-compliance letters; quarterly workshops for compliance; monitors VAB proceedings to enhance performance.

Challenges Cited	Support Provided
submitted on deadline. • **Appeals**: Long-outstanding mining property appeals in Rand West & Merafong; Merafong debtors at R1.8bn (Feb 2024). • **Property Rates**: Generally, within CPI/inflation (≤6%), except Midvaal at 7%. • **Remuneration Non-compliance**: Senior manager packages often non-compliant without ministerial approval; corrective measures/waivers required.	
5. Good Governance and Public Participation	
• **Anti-Corruption Challenges**: Weak leadership support, limited funding/capacity, poor awareness, ethics officials undermined, weak investigative/consequence capacity, poor implementation → risk of rising UIF&W. • **Anti-Corruption Strategies**: 7 municipalities approved strategies; Sedibeng, Emfuleni, Lesedi, Merafong have drafts; reporting on implementation largely absent. • **Ward Committees**: All municipalities except Tshwane functional in 2023/24 (Tshwane none since 2014). Meetings increased, but effectiveness doubtful as protests persist, no Ward Operational Plans despite training. • **CDWs (Community Development Workers)**: 323 deployed across 529 wards; model's effectiveness questioned given high dissatisfaction. • **Service Delivery Protests**: Ekurhuleni (42%, 16,761 cases) and Joburg (30%, 14,709 cases) recorded highest protests; unclear if cases resolved. Smaller LMs report fewer protests, likely due to population size not better services. • **Socioeconomic Pressure**: High unemployment (e.g., Joburg 35.5%) makes services unaffordable → unrest. • **CoGTA Support**: Assisted Emfuleni with Capital Expenditure Frameworks; supported districts/locals with spatial referencing of projects in SDBIPs; Sedibeng & West Rand aided with Land Use Audit Reports; 9 municipalities supported on infrastructure delivery programs.	• **CoGTA Support**: Assisted Emfuleni with Capital Expenditure Frameworks; supported districts/locals with spatial referencing of projects in SDBIPs; Sedibeng & West Rand aided with Land Use Audit Reports; 9 municipalities supported on infrastructure delivery programmes. • assessments, providing tailored recommendations to help each municipality improve and tackle specific challenges. • On every quarter, the department sends formal performance feedback letters to municipalities with an overview of their overall performance and specific recommendations to help address underperformance across various indicators. • Municipalities receive ongoing guidance to address the issue of persistent non-reporting on various performance indicators, as highlighted in their Service Delivery and Budget Implementation Plans (SDBIP) reports. • Provincial CoGTA and Treasury continue to monitor local government performance, focusing on good governance and public participation. • IGR structures' are functional in accordance with the IGR Framework

9.4 KWAZULU NATAL

Challenges Cited	Support Provided
1. Institutional Transformation and Organisational Development	
• High vacancy rate in S54 & S56 positions impacting service delivery.	• MEC letters issued to municipalities that have not reviewed staff establishment and filled posts. • Department to issue a section 139(1)(a) directive with a 3-month timeframe for filling senior manager vacancies. • Support to municipalities on organisational structure reviews and accelerated recruitment plan implementation with a 3-month timeframe.
2. Service Delivery	
• Municipalities failed to spend 100% of their allocated MIG funding.	• CoGTA support to municipalities to prioritise project planning to avoid late appointments. • Ensure full commitment to MTEF allocations. • Prevent project reprioritisation during implementation year. • Hold early BID committee sittings to avoid late service provider appointments. • Close monitoring of projects by consultants. • Ring-fence grant funds to prevent diversion to operational costs.
3. Local Economic Development	
• Outdated LED strategies. • Limited funding to implement LED strategy. Poor participation of private sector and traditional authorities in LED initiatives. • Non-functional LED forums. • EPWP continues but lacks legislation compelling municipalities to ring-fence training funds; weak exit strategy.	• Department assists municipalities to package business plans to mobilise resources from departments, private sector and NGOs. • Support for resuscitating LED forums. • Department to monitor LED strategy review process with support from National CoGTA. • Ongoing EPWP interventions: technical support meetings to review performance, identify gaps, and propose interventions. • One-on-one engagements with underperforming bodies to develop tailored support strategies.
4. Financial Viability	
• Poor financial management including low equitable share, weak revenue collection, water and electricity losses, and high-cost drivers (overtime, security, bulk purchases, employee costs). • Poor internal controls and non-compliance with unfunded budgets; unfunded budgets increase unauthorised expenditure. Frequent use of deviations to bypass SCM	• Municipalities required to implement funded budgets, supported by Provincial Treasury Action Plan on Unfunded Budgets. • Department to review credibility of audit action plans; audit improvement plans to be endorsed by AG; implementation monitored through Audit Improvement Strategy. • Technical support in developing post-audit action plans; regular engagements with

Challenges Cited	Support Provided
processes. • Audit outcomes reflect poor or ineffective audit improvement plans, non-implementation results in material findings by AG. • Slow responses to audit findings. Audit outcomes on UIFW indicate weak oversight and failure to address irregular expenditure effectively.	management of dysfunctional municipalities. • Audit war room programme continues to support migration from unqualified to clean audits. • Guidance to MPAC and councils through UIFW Investigation Framework and Strategy; quarterly assessments of MPAC effectiveness. • Support to MPAC through training and hands-on meeting support; review of UIFW AFS disclosure notes to ensure MFMA compliance.
• Non – Compliance • Municipalities do not adhere to Section 106 Notice in terms of deadlines provided for submission of UIFW registers. • Failure to pay creditors within 30 days resulting in interest charged by creditors. Delays in appointment of service providers to conduct investigations. • Delays in finalization of investigation reports. • Write-off of UIFW with no consequence management. Investigations finalised during the year are not reported to CoGTA	• Monitor payment of creditors within 30 days to avoid payment of interest to creditors. • Department to support the municipalities to implement Section 32 of the MFMA to deal with incurred UIFW expenditure. • Municipalities must report all finalised investigations to CoGTA in terms of Section 32(4) of the MFMA. UIFW investigations to be submitted to the Disciplinary Board for investigation. • Monitor investigations and follow-up on the status of investigations
5. Good Governance and Public Participation	
• Functionality of ward committee for the following municipalities: Endumeni Umvoti Abaqulusi, Big 5 Hlabisa, eThekwini Metro • Insufficient evidence of ward committee meetings • Lack of quorum • Councillors not chairing ward committee meetings. • Insufficient evidence of community feedback meetings • Insufficient evidence of work or sectoral • Reports • The challenge of not convening quarterly meetings, political instability was cited as challenges leading to Municipal Rapid Response Teams not meeting all the required criteria	• Public Participation will convene bi-lateral meetings with municipalities to discuss challenges and proposed remedial actions in poor performing municipalities, • present quarterly reports to all Municipal Councils with recommendations, • Present at Cluster meetings, district and provincial Speakers Forums, Public Participation practitioners and district ward committee secretariat meetings • Provide hands on support where the department will be conducting one on one sessions with all affected wards and councillors. • The Provincial Rapid Response Teams to convene a Remedial Action Meetings and/or re-establish the Municipal Rapid Response Teams where MRRTs did not meet all the required criteria for them to be deemed as Fully Functional. • A Provincial Speakers Forum has also been proposed whereby the MEC for COGTA will be able to address the challenges being

Challenges Cited	Support Provided
	experienced by the Departmental Public Participation Chief Directorate

9.5 LIMPOPO

Challenges Cited	Support Provided
1. Institutional Transformation and Organisational Development	
• Non-compliance with Section 19 of Local Government Disciplinary Regulations (quarterly reports on disciplinary cases not submitted to MEC). • Weaknesses in conducting and submitting individual performance assessments to MEC. • Low representation of women in senior management (28% in 2021/22, 28% in 2022/23, improved to 33% in 2023/24). Failure to achieve 100% of planned municipal targets, depriving communities of services. Lack of capacity and understaffing in PMS and HRM units.	• Department conducted workshops/engagements with municipalities to stabilise filling of senior manager vacancies (per MSA & regulations). Ongoing departmental support and monitoring of senior manager recruitment processes. • Municipalities assisted with framework for determining senior manager remuneration categorisation.
2. Service Delivery	
• Challenges in spending conditional grants due to delays in procurement of service providers and non-responsive bids. • SCM processes require closer attention and training of all SCM committees. • Electricity and water losses across all municipalities, caused by ageing infrastructure, vandalism and illegal connections. • Poor expenditure on grants deprived communities of services, reflecting poor or non-performance and triggering community protests. • Delays in processing landfill site licensing in some districts.	• Municipalities encouraged to improve forward planning to expedite service provider appointments. • Continuous reminders and support for municipalities to update indigent registers. MISA provided ongoing technical support to municipalities.
3. Local Economic Development	
• Understaffing of LED units were major challenges faced by municipalities. • Established LED initiatives and cooperatives were not adequately supported due to human resources and financial constraints. • Non-alignment of SDBIPs with IDPs in some municipalities created concerns whereby such municipalities were implementing	• Municipalities were capacitated through various programmes on LED initiatives. • Municipalities should create conducive environment for building and attracting investor confidence • The department supported municipalities which were struggling to align their SDBIPs with IDPs.

Challenges Cited	Support Provided
programmes/ projects which were not on their IDP, as a result this led to audit queries on predetermined objectives/ performance information.	
4. Financial Viability	
• Inability to collect property rates in rural areas remained a challenge • Slow implementation of the audit remedial plans. • Non- compliance with laws and regulations, particularly supply chain management and reporting regarding Unauthorised, Irregular or Fruitless and Wasteful expenditure in terms of MFMA section 32. • Delay in appointment of service providers leading to poor implementation of capital projects. • Late registration of MIG projects. • Reoccurrences of unauthorised, fruitless, and wasteful expenditure in municipalities. • Poor enforcement of debt and credit control policies. • Electricity and water losses contributed to low revenue collection in some municipalities.	• The Department together with Limpopo Provincial Treasury continued to monitor full implementation of the audit remedial action plans. • The Provincial Debt forum and one-on one engagement sessions with municipalities assisted in the improvement of debt owed by sector departments and state-owned enterprises. • Provincial M&E forum remained a catalyst for monitoring and reporting compliance by municipalities. • The department provided hands-on support to all municipalities to attain unqualified audit without matters of emphasis. • Implementing back to basics approach
5. Good Governance and Public Participation	
• Inadequate resources forward committee members • Lack of appropriate skills particularly contextualisation and understanding of the tasks at hand. • Failure by MPAC's to investigate MFMA section 32 expenditures timeously (wasteful, unauthorised, irregular, and fruitless).	• The Department conducted capacity building sessions for all elected ward committee members. • The department provided training to MPAC's in conjunction with SALGA, Limpopo Provincial treasury, AGSA and Limpopo legislature. • Quarterly MPAC forums were held targeting all twenty-seven municipalities

9.6 MPUMALANGA

Challenges Cited	Support Provided
1. Institutional Transformation and Organisational Development	
• Delays in appointing senior management personnel. • Employment Equity Plans not prioritised in senior management appointments (gender representation lacking). • PMS not cascaded to lower levels across all 12 municipalities.	• Monitoring of senior management positions. • Guidance to comply with Employment Equity Act for gender representation in Section 54/56 posts. • Municipalities encouraged to cascade PMS to all levels. • Recommendation to allocate funds and

Challenges Cited	Support Provided
• Inadequate financial/personnel resources for PMS. • PMS units unable to perform both PMS and IPMS functions.	create functional departments for OPMS & IPMS. • Proposal to move IPMS from PMS to HR.
2. Service Delivery	
• Water (Gert Sibande, Nkangala, Ehlanzeni): Most treatment works lack backup/pump stations; infrastructure vandalism/theft; illegal connections; limited maintenance budgets; no water master plans; high technical vacancies. • Sanitation (all districts): Poor infrastructure planning; frequent sewer spillages with slow repair; inadequate O&M budgets. • Electricity (districts): Escalating Eskom debt; demand exceeds maximum; infrastructure damage & illegal connections; obsolete systems. • Refuse Removal: Weak planning → waste backlogs & unlawful dumping; old/deteriorated fleet with slow replacement.	• Enforcement of by-laws & security plans for infrastructure. • Ring-fencing 10% of MIG for O&M of water/sanitation. • Development of water master plans & demand management. • Appointment/training of artisans and process controllers. • Interim Water Services Providers to sustain sanitation. • Debt relief via MFMA Circular 124. • Electricity Master Plans for bulk capacity. • Treasury & COGHSTA mediating Eskom disputes. • Electrical by-laws to curb illegal connections. • Integrated Waste Management Plans; expand waste fleet via MIG.
3. Local Economic Development	
• Districts (Gert Sibande, Ehlanzeni, Nkangala): LED units under-resourced. • Minimal private sector participation in LED forums & strategy. • Social Labour Plans from mining houses misaligned with community needs. • Communities view LED forums as tender routes, creating tensions.	• Strengthen LED forums with better stakeholder (incl. business) participation. • integrate LED projects into IDPs with clear annual targets/budgets. • Allocate budgets to LED initiatives per Constitution Section 153(a). • Engage large businesses for partnerships • Review Social Labour Plans; promote collective funding by mining houses.
4. Financial Viability	
• Audit: 2 Municipalities (Emakhazeni and Emalahleni) improved from the prior year. 18 Municipalities remained unchanged from the previous year • Debts: Debt being badly managed overall	Audit • Provincial Treasury to support municipalities to develop guidelines for risk management Committees and review audit plans • Accounting officers to ensure the implementation of risk management committee recommendations. Debt: • Departments to enter into payment agreements with municipalities. • Interaction between departments and municipalities to address debt payment issues. • Municipalities should bill accounts

Challenges Cited	Support Provided
	separately for municipal services and rates. • Municipalities should request monthly remittance advice from departments to ensure monies are allocated to the correct accounts. • Municipalities timely submit property rate schedules to Provincial
5. Good Governance and Public Participation	
• Diminished commitment and inefficiency among Ward Committee members have contributed to declining effectiveness. • Municipal Speakers are failing to hold councillors accountable for non-compliance with statutory obligations under Schedule 1 of the Municipal Systems Act. • Many municipalities lack annual community meeting schedules monitored by Speakers, resulting in poor accountability. • Public Participation Strategies are outdated and fail to incorporate modern engagement tools such as social media and digital complaints management platforms.	• Enforce compliance with the Ward Committee Code of Conduct, including the application of appropriate disciplinary measures by chairpersons. • Introduce a robust consequence management framework to address non-compliance by councillors regarding ward-based responsibilities. • All councillors must convene community feedback meetings following the adoption of the IDP and SDBIP, • to communicate approved ward- level projects. • Municipalities must update their Public Participation Strategies in alignment with the reviewed Provincial Public Participation Strategy, incorporating mechanisms to enhance participatory democracy.

9.7 NORTHERN CAPE

Challenges Cited	Support Provided
Institutional Transformation and Organisational Development	
• Weak municipal capacity: shortages in skills, HR management, and performance systems. • Leadership not responding to AG findings; poor accountability. • Regression in audit outcomes. • Inconsistent approval of SDBIPs within required timeframes.	• Provincial/National support to strengthen HR, performance management, and organisational structures. • District municipalities (e.g., Frances Baard, ZF Mgcawu) provide shared internal audit and audit committee services. • CoGTA support in senior manager recruitment and remuneration frameworks. • Oversight and capacity-building to improve audit outcomes and governance.
Service Delivery	
• Water & Sanitation Backlogs: Persistent shortages, ageing infrastructure, and new informal settlements strain supply. Some	• Grants: National government support through MIG, WSIG, and RBIG to reduce water and sanitation backlogs.

Challenges Cited	Support Provided
municipalities (e.g., Joe Morolong, Gamagara, Sol Plaatje, Phokwane) reported service levels, while others failed to report at all. • Electricity: Distribution challenges, with! Kheis Municipality not providing electricity. High electricity losses reported in municipalities such as Renosterberg (93%), Phokwane (60%), Joe Morolong (51%), and Thembelihle (42%). • Free Basic Services: Many municipalities have outdated indigent registers, leading to inaccurate reporting and inequitable subsidy allocation. • Grant Spending: Slow or poor spending of MIG, WSIG, and RBIG funds by several municipalities, leading to stopped or reallocated grants.	• Technical Oversight: Provincial and national departments monitor infrastructure delivery, including site inspections and compliance forums. • Electricity: National Treasury norms (7–10% acceptable losses) guide municipalities; interventions focus on addressing theft, tampering, and faulty meters. • Financial Measures: Reallocation of unspent MIG funds from underperforming to performing municipalities.
Local Economic Development	
• Many municipalities lack updated/adopted LED strategies (e.g., Kamiesberg, Khai-Ma, Ubuntu, Umsobomvu, Tsantsabane, Kgatelopele, ZF Mgcawu). • LED units understaffed, often only one official (Tsantsabane, Kgatelopele). • Poor or non-functional LED Forums; weak private sector participation. • Limited funding for LED strategy implementation, SMME and cooperative support. • Outdated tourism plans and poor product development (Ubuntu, Kai! Garib). • Overreliance on short-term job creation (EPWP) instead of sustainable LED. • Renewable energy/mining projects not fully integrated into municipal LED strategies.	• Provincial Economic Development & Tourism support: LED awareness, training, and strategy reviews (e.g., Nama Khoi). • Revival of LED Forums and stronger business participation. • Tourism promotion via cultural and eco-tourism routes and participation in national shows. • Support for SMMEs through procurement policies, databases, incubation and micro-finance (Hantam, Phokwane, Frances Baard DM). • Integration of large-scale projects (renewables, mining) into LED planning via SLPs. • Job creation supplemented by EPWP (e.g., Phokwane, Dawid Kruiper).
Financial Viability	
• 29 municipalities (except Sol Plaatje & Frances Baard DM) classified as financially distressed. • Widespread budget overspending, reliance on future revenue, weak debt collection. Escalating arrears to Eskom, Water Boards, pension and medical funds. • High levels of irregular, unauthorised, fruitless & wasteful (UIFW) expenditure. Poor audit outcomes: only two	• National Treasury UIF&W expenditure reduction strategy introduced. • Requirement for municipalities to adopt UIF&W reduction plans and improve disclosure. • Audit committees and shared internal audit services provided by Frances Baard and ZF Mgcawu DMs. Oversight and technical support to strengthen revenue management, debt collection, and financial

Challenges Cited	Support Provided
municipalities achieved clean audits; most received qualified or disclaimed opinions. Electricity and water losses above Treasury norms, worsened by theft, tampering, and aging infrastructure.	governance. • Ongoing Provincial Treasury action plans to support credible budgets and reduce financial distress.
Good Governance and Public Participation	
• Some ward committees are not fully functional (e.g., Siyathemba Ward 2, Dawid Kruiper Ward 8). Despite capacity-building, many ward committee members still lack understanding of their roles, causing conflicts with councillors. • Ward committee secretary roles remain problematic due to meeting records and forwarding recommendations. The department lacks a dedicated budget for training, and capacity-building is dependent on LGSETA processes. • For Community Development Workers (CDWs), challenges include lack of supervisors due to no funding, vacant CDW posts not being filled, no ICT system to track referrals, understaffing in regional offices, and tensions between CDWs and councillors	• Provincial and District Public Participation Forums were established to support ward committees, help develop operational plans, and adopt complaints management policies. Municipalities were assisted with reviewing and adopting public participation policies and establishing ward committees. • Through forums, municipalities also received guidance on ward operational plans and liaison with CDWs. CDWs continued connecting communities with relevant government departments despite resource limitations.

9.8 NORTH WEST

Challenges Cited	Support Provided
Institutional Transformation and Organisational Development	
• High vacancy rate of 50% and above at senior management level, failing to fill senior managers positions. (Ditsobotla, Bonjanala, Rustenburg)	• To support municipalities to comply with MSA Regulations on the appointment of Senior Managers. • To analyse monthly vacancy report, send to municipalities and providing feedback through consultative sessions (where necessary Circulars are issued to municipalities requesting them to fill vacant Senior positions). • To support municipalities on request with recruitment and selection processes of senior managers in terms of MSA and related Regulations.
Service Delivery	
• Water provision challenges (Mahikeng, Ditsobotla, Maquassi Hills, JB Marks, Kagisano Molopo, Naledi, Moses Kotane, Moretele). • Sanitation challenges (Tswaing, Ratlou,	• Monitoring municipalities through MIG compliance of infrastructure delivery programmes with sector departments. • Evaluation of municipal project business plans for registration and approval.

Challenges Cited	Support Provided
Ramotshere Moiloa, Kagisano Molopo, Moses Kotane, Madibeng, Moretele). • Electricity provision challenges (Ratlou, Ramotshere Moiloa, Naledi). • Solid waste management challenges (Ratlou, Ramotshere Moiloa, Ditsobotla, Kagisano Molopo, Greater Taung, Moretele). MIG spending underperformance (Maquassi Hills, City of Matlosana, Kagisano Molopo, Mamusa).	Inspection and site visits of projects. • Facilitation and participation in district and provincial service delivery IGR forums. Working sessions with municipalities to evaluate progress.
Local Economic Development	
• Fail to implement LED Strategy. Struggle to assess • and submit 5% MIG application for economic infrastructure. (Rustenburg, Ditsobotla, Naledi, Mamusa, Lekwa Teemane LMs)	• To guide municipalities to plan and implement 5% MIG allocation to support formal and informal sectors to promote inclusive economies through District MIG engagements and site visits.
Financial Viability	
• All 18 local municipalities failed to achieve the 95% collection rate norm set by National Treasury. • Persistent negative cash balances and inability to pay creditors on time. • Failure to comply with MFMA Section 65for a – creditors not paid within 30 days. • Municipalities are not effectively enforcing credit control and debt collection policies (per Section 96 of the MSA).	• To monitor Municipalities on revenue collections. • and to support with revenue enhancement management initiatives. • To assess and advise municipalities on credit. • control and debt collection policy before adoption. • To monitor the adoption of credit control and debt collection policy and by- laws. • To monitor and support municipalities with outstanding government debt. • To monitor the adoption of credit control and debt collection policy and by- laws.
Good Governance and Public Participation	
• IDP adopted late (JB Marks, Mamusa, Tswaing) • Municipalities with no anti-corruption policy or draft anti- corruption policy, no fraud prevention plan, no whistle blowing policy, no ethics policy and manager, no ethics committee, no anti-corruption register. • All municipalities don't have operational plans. Several WCs do not meet the minimum requirement of four meetings per year. Very few municipalities have ensured that WCs hold regular community meetings. No ward operational plans were developed in most municipalities.	• To support municipalities with the development of IDPs by assessing adherence to MSA requirements. • To monitor regularly the extent to which municipalities implement anti-corruption by assessing municipal report and provide feedback (measures include policies or strategies [anti-fraud, whistle blowing and investigations], structures, and awareness including council adoption of anti-corruption strategies, SOPs and compliance with Prevention of Corrupt Activities Acts (PRECCA). • To support municipalities to maintain functional ward committees by promoting responsiveness to the socio-economic and socio-political need and challenges of

Challenges Cited	Support Provided
	communities by ward committees in line with the mandate of chapter 4 of MSA in respect of putting first through promotion of functional ward committees.

9.9 WESTERN CAPE

Challenges Cited	
Institutional Transformation and Organisational Development	

• 18 Section 56 senior management posts remain vacant, creating gaps in leadership.
• 29 signed performance agreements not published online, raising transparency concerns.
• Female representation in senior management remains low, highlighting gender imbalance.
• Transparency should be improved through mandatory disclosure of performance agreements.
• Policies promoting gender equity in senior management should be introduced.
	• Municipalities must use the Skills Development Levy to fund training and development programmes, strengthening internal capacity and service delivery.
	• Workplace Skills Plans are consistently submitted, but stronger oversight is needed to ensure actual implementation. Leadership gaps should be addressed by urgently filling vacant senior management posts.
	• The Department of Local Government implemented capacity-building initiatives, including:
	  ◦ Councillor Seasonal School focusing on ethics and institutional collaboration.
	  ◦ Mentoring and coaching programmes for middle managers.
	  ◦ Workshops and training sessions across municipalities on governance, ethics, and the Code of Conduct.
	  ◦ Municipal Managers and senior managers are required to enter into Annual Performance Agreements, which set clear expectations, improve accountability, and must be made public soon after adoption of the Service Delivery and Budget Implementation Plan.

Service Delivery	
• Political instability and frequent leadership changes undermine council oversight and service delivery. • Many municipalities face financial distress, poor revenue collection, high debt to Eskom and water boards, and reliance on equitable share allocations. • Skills shortages in engineering, technical services, and financial management persist, especially in rural areas. Infrastructure backlogs, ageing assets, high non-revenue	• Struggling municipalities receive Section 154 and Operational Support Plans, while the TIME process helps identify risks and develop action plans with provincial and national partners. • Capacity-building programmes, mentoring, and training strengthen governance, ethics, and compliance. • Financial advisory support and revenue enhancement initiatives aim to improve fiscal discipline. Infrastructure grants,

Challenges Cited	
water, and electricity distribution losses reduce efficiency, while service delivery protests reflect dissatisfaction with poor or unreliable services. • Rapid urbanisation, land invasions, vandalism, illegal electricity connections, and migration pressures further strain basic services. Limited project management capacity, procurement delays, • Underspending on grants exacerbate infrastructure challenges.	maintenance plans, and technical support address service delivery gaps in water, sanitation, housing, and electricity. Citizen participation is promoted through the Community Development Worker Programme and stronger ward committees. • Disaster management systems are reinforced to improve resilience to flooding and climate shocks. • Asset management and waste management support programmes assist municipalities in maintaining infrastructure and ensuring compliance.
Local Economic Development	
• Limited budgets constrain LED project implementation. • Weak communication between municipalities and large businesses reduces collaboration and impact. Inadequate bulk infrastructure hampers investment attraction and economic growth. • Sector-specific setbacks such as closure of major employers, high input costs, and energy shortages cause job losses and reduced competitiveness. • Small-scale fishers and informal traders face limited municipal support, unfair competition, and social challenges. • Lack of reliable data and dedicated resources undermines effective LED planning and execution.	• Municipalities develop and review LED strategies to align with national and provincial priorities for job creation, SMME growth, and investment promotion. Dedicated forums, portfolio committees, and regional task teams coordinate and oversee LED. • Capacity-building programmes, workshops, and training support SMMEs, entrepreneurs, and informal traders. • Partnerships with development agencies, higher education, and private sector strengthen skills development and work opportunities. • Infrastructure upgrades such as transport routes and public facilities stimulate local economies. • Economic recovery plans and catalytic projects in agriculture, tourism, manufacturing, renewable energy, and aquaculture diversify economies and build resilience.
Financial Viability	
• Municipalities face financial distress with liquidity problems, high debt levels, and heavy reliance on equitable share allocations. • Eskom and water board arrears remain critical risks with overdue accounts extending beyond 30 days. • Revenue collection is weak due to poor billing systems, a narrow rates base, and limited enforcement of credit control. • Skills shortages in finance and technical management persist, with lengthy recruitment processes and reliance on	• Provincial government provides targeted support through capacity-building programmes, financial advisory services, and infrastructure grants. • Revenue enhancement strategies and stronger internal controls are promoted to improve collections and fiscal discipline. • Debt management support helps municipalities address creditors, Eskom, and water board arrears responsibly. • Skills gaps are addressed through training, secondments, internships, and partnerships with provincial and national departments.

Challenges Cited	
consultants. • Expenditure pressures rise from employee-related costs and overtime, while underspending on capital budgets threatens future grant funding. • Overspending is also a concern, with some municipalities consistently exceeding budgets, showing weak financial controls. • Audit findings highlight uneven compliance with planning instruments, credibility issues in budgets and KPIs, and weak consequence management.	• Oversight is strengthened via audit committees, municipal public accounts committees, and support for credible budgeting and performance planning. • Municipalities are encouraged to adopt integrated financial strategies, prioritise infrastructure maintenance, and improve long-term sustainability through better governance, accountability, and consequence management.
Good Governance and Public Participation	
• Weak coordination of CDWs (Community Development Workers) requiring revival of MoUs with municipalities. • Inconsistent performance monitoring and reporting by CDWs. • Limited visibility of CDWs in municipalities and weak integration with stakeholders. • Municipalities' reporting on IGR strategy and for a not fully formalised. • Gaps in municipal communication strategies and limited reporting to MEC indicators. • Inconsistent record-keeping and trend analysis of Mayoral Imbizos. • Capacity gaps in audit units and MPAC members to run fraud and corruption awareness campaigns.	• Reviving MoUs for CDWs between COGTA and municipalities. • Encouraging CDWs to hold monthly roundtables and submit performance reports. • Promoting CDW visibility and strengthening relations with municipalities and stakeholders. • Supporting municipalities to formalise and enhance IGR strategy and for a reporting. • Assisting municipalities through the Communicators Forum to develop communication strategies and report to MEC indicators. • Encouraging municipalities to keep records of Mayoral Imbizos and conduct trend analysis. • Training audit units and MPAC members to conduct fraud and corruption awareness campaigns.

The Section 48 for 2023/2024 confirms that local government remains under significant financial and governance stress, with systemic weaknesses undermining progress across all key performance areas. Institutional instability, leadership vacancies, and over-reliance on acting appointments weaken organisational capacity, which in turn drives poor financial management and unreliable service delivery. Basic services remain uneven, with declining reliability due to underinvestment and high losses, while local economic development is constrained by weak financial bases, poor coordination, and misaligned planning. Financial viability is precarious, marked by low liquidity, poor debt collection, and widespread distress, compounded by persistent audit non-compliance. Governance and oversight structures are inconsistent, with weak enforcement allowing maladministration and irregular expenditure to continue. Cross-cutting functions such as disaster management and spatial planning remain reactive and poorly institutionalised, limiting accountability and effective support. Overall, the sector is trapped in a cycle of fragile finances, weak capacity, and uneven governance, where isolated examples of good practice are outweighed by systemic decline.

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